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1966-1970



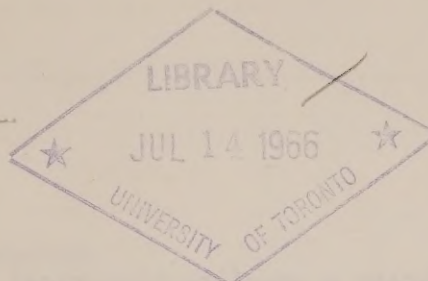
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NATIONAL (ACCOUNTS)
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ACCOUNTS

FIRST QUARTER 1966-70

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In order to obtain a complete historical record of the quarterly National Accounts, the following publications should be consulted:

"National Accounts, Income and Expenditure, by Quarters, 1947-61", for the years 1947-58.

"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1963", for the year 1959.

"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1964", for the year 1960.

"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1965", for the years 1961-64.

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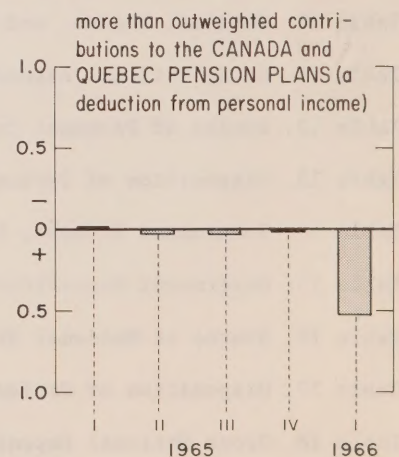
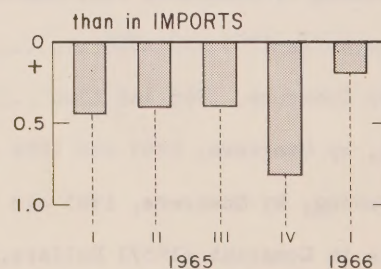
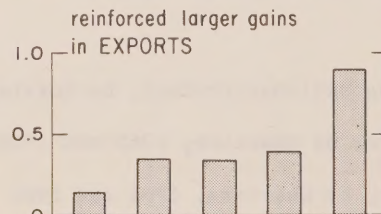
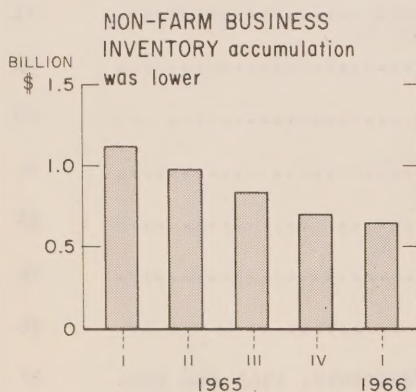
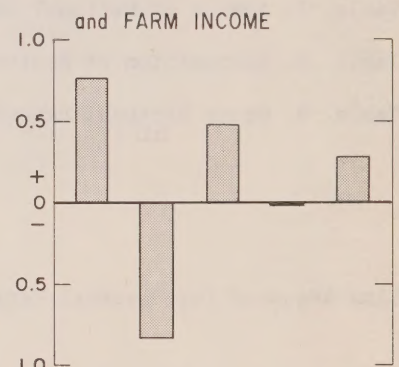
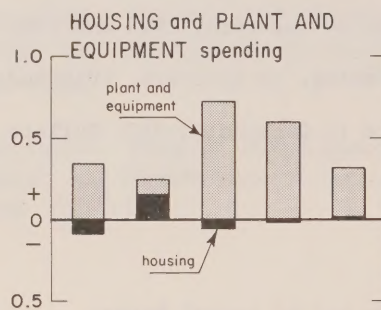
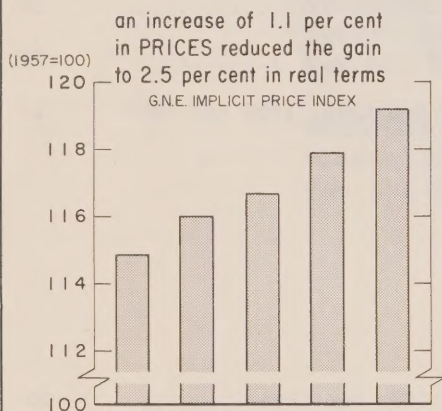
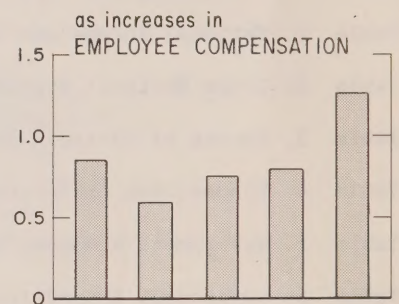
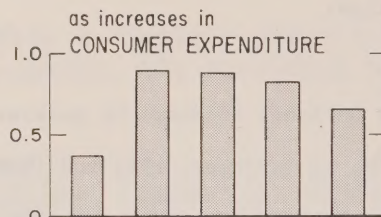
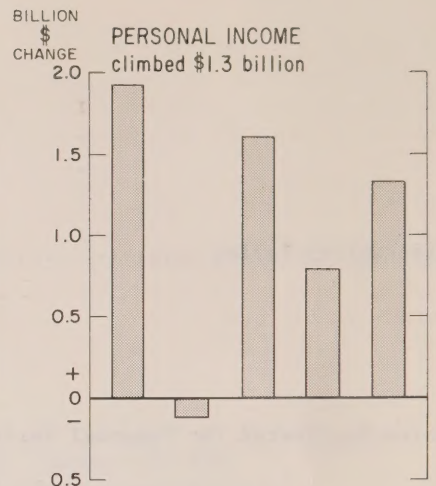
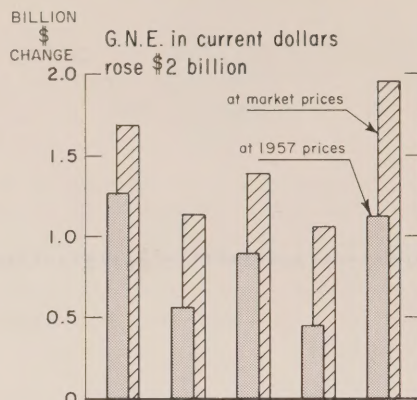
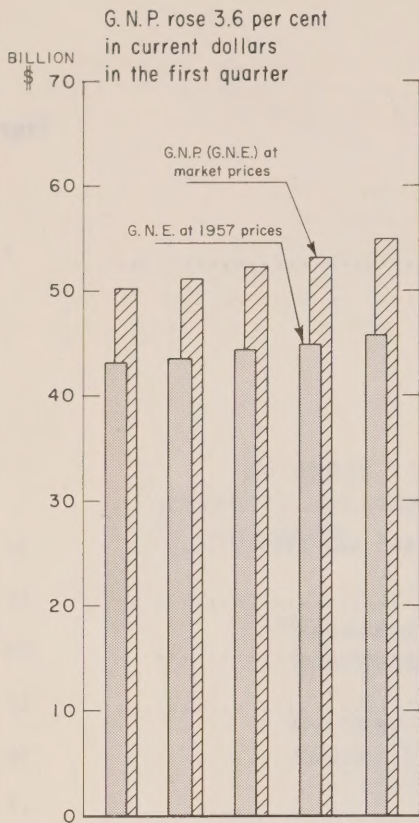
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ALL DATA SEASONALLY ADJUSTED, AT ANNUAL RATES

INTRODUCTORY REVIEW

Gross National Product rose to a level of \$55.7 billion in the first quarter, an increase of 3.6 per cent from the preceding quarter. Prices again advanced by approximately 1 per cent reducing the gain to 2.5 per cent in real terms. This strong advance was partly attributable to irregular factors in the external sector.

Exports of goods and services showed the strongest advance of any quarter in the five year expansion. Most of this irregular increase was in merchandise exports which were unusually high for this season. This was supplemented by sharp advances in travel, freight and shipping and interest and dividend receipts. In addition imports advanced by only a small amount because of the Ontario trucking strike and other factors. The net effect of these external transactions was to narrow the deficit on current account, (on a National Accounts basis), from \$1.5 billion in the fourth quarter to \$.8 billion in the first quarter.

Fixed capital formation increased by less than 3 per cent between the fourth and first quarters, but this summary figure obscures some divergent movements among the components. Housing showed only a fractional increase and investment in machinery and equipment declined slightly. On the other hand, investment in plant continued to rise sharply. As in the last quarter, business accumulated stocks, thus adding to the demands on production, but the rate of accumulation was somewhat lower than in the preceding period.

Personal spending in the current quarter continued to show strength, advancing by 2 per cent from the previous quarter.

Expenditure on goods and services by all levels of government rose by nearly 4 per cent; the increase of 5 per cent at the federal level being almost entirely attributable to special increases in military pay and allowances, while provincial and municipal expenditures rose by 3 per cent. With revenues rising more than expenditures, the surplus for all levels combined reached a level of three quarters of a billion dollars, the highest since 1951. Most of this increase resulted from receipts from the Canada and Quebec pension plans.

The salient developments on the income side of the Accounts in the quarter were a marked gain in labour income, reflecting not only the buoyancy of the labour market but also sharp increases in supplementary labour income, following the introduction of the Canada and Quebec pension plans at the beginning of the year. There was a modest increase in corporate profits after a slight decline in the preceding period. Accrued net income of farm operators from farm production was estimated to have been somewhat higher, with larger receipts from livestock production exceeding the assumed drop in income from grain production if the 1966 crop is average rather than unusually large as it was last year. A decidedly large gain in military pay and allowances was the result of the payment of a bonus for re-engagement. The quarterly change in personal income in relation to Gross National Product and in the composition of personal income are of considerable interest and are described in some detail under a separate heading.

Price Movements

As previously mentioned, gross national product rose by $2\frac{1}{2}$ per cent in constant dollars, while the price component of GNP increased by a little over 1 per cent.

The implicit price index of consumer expenditure rose by about 1 per cent on a seasonally adjusted basis. This increase is shown in some detail in the following table.

Personal Expenditure
Per cent Change in Implicit Price Indexes, Seasonally Adjusted

	IVQ 65 to IQ 66	IQ 65 to IQ 66
Total	1.1	3.1
Services	1.0	3.3
Durable Goods	-.5	-1.0
Non-durables (excluding food) ..	.6	1.8
Non-food Commodities ...	.3	.9
Food	3.1	7.5

Quarter to Quarter Changes in Final Purchases
(Seasonally Adjusted at Annual Rates)
(millions of dollars)

	2Q'62 to 3Q'62	3Q'62 to 4Q'62	4Q'62 to 1Q'63	1Q'63 to 2Q'63	2Q'63 to 3Q'63	3Q'63 to 4Q'63	4Q'63 to 1Q'64	1Q'64 to 2Q'64	2Q'64 to 3Q'64	3Q'64 to 4Q'64	4Q'64 to 1Q'65	1Q'65 to 2Q'65	2Q'65 to 3Q'65	3Q'65 to 4Q'65	4Q'65 to 1Q'66
1. Personal expenditure	152	504	316	488	488	548	736	296	688	400	364	896	876	820	656
2. Government expenditure	- 116	28	200	- 48	248	12	340	64	- 48	376	320	292	120	276	376
3. Residential construction	72	- 88	12	88	140	12	200	- 64	52	140	- 92	148	- 60	- 4	12
4. Non-residential construction ..	- 28	56	- 12	248	32	52	268	84	124	52	316	- 76	316	232	344
5. Machinery and equipment	72	104	- 28	92	224	48	380	160	- 116	248	28	172	412	360	- 40
6. Exports of goods and services	48	68	260	324	8	752	332	604	68	- 288	148	348	344	396	900
7. Total final purchases	200	672	748	1,192	1,140	1,424	2,256	1,144	768	928	1,084	1,780	2,008	2,080	2,248
8. (Final domestic demand)	152	604	488	868	1,132	672	1,924	540	700	1,216	936	1,432	1,664	1,684	1,348

Quarter to Quarter Changes in Other Selected Items

9. "Shift" in non-farm business inventories	228	- 520	216	- 272	240	480	- 168	216	80	- 696	1,020	- 128	- 144	- 140	- 52
10. Imports of goods and services	48	- 396	168	284	488	372	608	-	76	244	448	404	400	824	192
11. G.N.P. (ex. farm)	420	612	684	628	804	1,096	1,508	888	1,044	636	1,472	1,196	1,096	1,096	1,836

Constant (1957) Dollars
Quarter to Quarter Percentage Changes in Select Items

12. Final domestic demand	- 0.1	1.0	0.7	1.6	1.8	1.0	3.9	0.4	0.9	2.0	1.0	2.1	2.8	2.1	1.0
13. Total final purchases	- 0.1	0.9	1.1	1.9	1.5	2.1	3.7	1.4	0.7	1.2	1.1	2.2	2.7	2.3	2.1
14. Gross national expenditure	0.9	0.8	1.7	1.2	1.3	2.0	2.1	1.7	0.5	0.8	3.0	1.3	2.0	1.0	2.5

It is apparent that much of the rise in prices in both the current quarter and over the past twelve months has occurred in food prices. Within food the increase is largely attributable to meat. Non-durable goods price increases were noted in items such as clothing. The following table summarizes selected food price movements in the consumer price index based on data unadjusted for seasonality.

Consumer Price Index
Percentage Change for Selected Food Prices

Item	IV Q 65 to I Q 66	IQ 65 to IQ 66
Beef	6.8	14.0
Pork	9.5	33.7
Other Meats	6.6	11.3
Fish	3.0	10.8
Poultry	5.5	8.7
Total Meat, Fish and Poultry	7.1	17.7

The substantial rise in meat prices, especially beef and pork, was largely the result of supply shortages in the United States.

The implicit price index for business gross fixed capital rose by 0.9 per cent as compared with 1.2 per cent for the fourth quarter 1965. Machinery and equipment prices showed a rise of 0.6 per cent for the second consecutive quarter. However, the bulk of the rise in the over-all index was due to sharp cost increases in the construction industry -- 1.6 per cent for new residential construction and 0.9 per cent for non-residential construction. Both wage rates and cost of materials moved upward, the former by 2.1 per cent and the latter by 0.8 per cent.

Discounting weighting shifts, prices of merchandise exports rose by 1 per cent. However, this rise concealed fairly sharp compensating movements within constituent groups. Export prices of live animals rose 10.2 per cent; of meats and preparations 6.2 per cent; of wheat 3.1 per cent; and of copper 12.5 per cent, reflecting supply conditions in world markets. There were significant declines in the export prices of lumber, wood pulp and certain metals.

The Demand Components

Consumer expenditure on goods and services advanced about 2 per cent to reach a level of \$34.0 billion at seasonally adjusted annual rates. With prices increasing by about 1 per cent, there was an equivalent rise in real terms. Durable goods set the pace with a 5 per cent gain after showing a decline of 1 per cent in the previous quarter. Non-durable goods and services registered smaller gains of 1 and 2 per cent respectively.

Within the durable goods group, the pace was set by home furnishings, furniture and appliances which taken together showed a gain of about 7 per cent, the largest increase since the beginning of the current expansion. Purchases of new cars declined fractionally as did personal purchases of used cars. However trade-ins, which are deducted from purchases of new and used cars, declined substantially, with the result that net expenditures on new and used cars increased by close to 2 per cent.

During the first quarter of 1966 spending on most types of services increased. Expenditures on shelter and on household operations expanded by about 2½ per cent, a higher growth rate than at any time during the previous year. Expenditures on medical care, purchased transportation, and personal care were up between 1½ and 2 per cent. User operated transportation was off about 1½ per cent from its level in the previous quarter.

Most of the components contributed to the slightly more than 1 per cent rise in non-durable goods. In a period of rising prices outlays on food rose by 2 per cent. Purchases of alcoholic beverages and tobacco also increased, the latter by almost 6 per cent following a drop in the fourth quarter. Outlays on clothing continued the quarterly advances evident from the third quarter of 1962, rising by 2½ per cent in the most recent quarter. The strength exhibited by these commodities was dampened by a 1½ per cent decline in the purchases of fuel for home heating, while expenditures on gas, oil and grease were unchanged from the previous quarter.

Turning to capital formation, outlays for housing at \$2.1 billion were practically unchanged from the previous quarter. There may be some under-estimation in this figure as it is based partly on completions. The deadline under the Winter House-Building Incentive Program for single and small multiple dwelling structures was stretched from March 31 to April 15. This has caused a shift from March to April in the number of completions which may not represent a corresponding shift in the value of construction which took place.

The value of new non-residential construction totalled \$4.6 million in the first quarter, up 8 per cent from the fourth. Strong employment increases reported in both building and engineering construction, together with some increases in both labour and material input prices, raised the estimated value of work put in place.

Outlays on new machinery and equipment dropped 1 per cent to a level of \$4.8 billion in the first quarter. The drop was centered in spending on farm and non-farm machinery and equipment, partly reflecting less buoyant imports, which more than offset a sharp rise in outlays for commercial and passenger vehicles for business use.

Non-farm business inventories continued to increase but at a slightly diminished rate; allowing for seasonal variation, stocks were accumulated at an annual rate of \$644 million in the first quarter. While manufacturing and retail trade contributed equally to this stock build-up, wholesale trade showed a depletion. The following table shows the value of the physical change in non-farm business inventories in the first and previous quarter.

Change in Non-Farm Business Inventories
(Seasonally adjusted, annual rates)

	4Q 1965	1Q 1966
	(millions of dollars)	
Manufacturing	488	320
Durables	476	396
Non-durables	12	-76
Wholesale	72	-104
Retail	108	324
"Other" industries	28	104
Grand Total	696	644

Manufacturing stocks, at the total level, continued to increase but at a substantially reduced rate when compared with the previous quarter. This reduction was due to the slow-down in the addition to the stocks of durables and to the depletion in the stocks of non-durables. Within durables, all manufacturers increased their stock except those of primary metal, machinery and metal fabricating. Within non-durables, the accumulation of stock of the food and rubber industries was to a large extent offset by depletions in the leather, textiles and particularly the paper industries. Additions to stocks were evident at every stage of manufacture, with the stocks of finished products recording the highest rate. With new orders increasing by more than shipments, the quarter ended with an increase in the backlog of unfilled orders. The stock-to-shipments ratio fell below the average ratio of the present economic expansion.

Wholesale inventories were depleted as both durable and non-durable trades, at the total level, drew down their stocks. The stock-to-sales ratio increased slightly. Retail inventories increased faster than in the previous quarter. The small increment in the stocks of motor vehicle dealers in the first quarter, in part reflected the exceptionally high level of motor vehicle sales in the month of March, a sales level that may have been influenced by purchases made in anticipation of the increased sales tax in the province of Ontario. Data for April indicate that stocks subsequently rose.

The deficit in Canada's external account on a national accounts basis moved from a seasonally adjusted annual rate of \$1,504 million in the fourth quarter to \$796 million in the first. The change of \$708 million resulted from a turn-round of \$584 million from deficit to surplus in merchandise

Exports and Imports of Goods and Services
(Seasonally adjusted at annual rates in millions of dollars)

Year	Quarter	Goods			Services			Current balance
		Exports	Imports	Net	Exports	Imports	Net	
1965	1st	8,268	8,120	148	2,356	3,468	-1,112	- 964
	2nd	8,552	8,312	240	2,420	3,680	-1,260	-1,020
	3rd	8,812	8,652	160	2,504	3,740	-1,236	-1,076
	4th	9,316	9,460	-144	2,396	3,756	-1,360	-1,504
1966	1st	10,012	9,572	440	2,600	3,836	-1,236	- 796
65Q4 to 66Q1 %		7.5	1.2		8.5	2.1		

trade augmenting an improvement by \$124 million in non-merchandise trade.

Discounting for normal seasonality, export gains were made in wheat clearances, aluminum, copper, iron ore and scrap iron, asbestos, newsprint, motor vehicles and non-farm machinery. But exports of motor vehicles and parts have recently risen sharply and the new eventual seasonal patterns of these movements have not yet been established.

Declines were recorded in fish, lumber and wood pulp, nickel and zinc, natural gas, crude petroleum, fertilizers and farm machinery. Data are not yet available to identify import commodity changes. The Ontario trucking strike in the first quarter was a significant factor in retarding some imports.

The improvement in service transactions can be ascribed mainly to changes in the interest and dividend and the tourist and travel accounts.

The Income Components

Seasonally adjusted wages, salaries, and supplementary labour income had a record increase of 4.2 per cent in the first quarter.^{1/} The supplementary labour income component, which includes employer contributions under pension plans, rose sharply this quarter because of the introduction of the Canada and Quebec pension plans. Total wages and salaries in the first quarter advanced 3.6 per cent from the previous quarter. This disparity in rates of increase is the result of the introduction of the Canada and Quebec pension plans through which employer contributions raised supplementary labour income payments to a new high level. The gain in total wages and salaries was about equally shared by higher average earnings and an increase in the numbers of paid workers.

The goods-producing industries advanced 4 per cent. Wages and salaries in both the primary industry group and in manufacturing rose about 3½ per cent in the first quarter.

Seasonally-adjusted wages and salaries in the service-producing industries advanced more than 3 per cent in the quarter. The effect of retroactive wage payments to federal government employees was almost completely offset by industrial disputes in transportation and in community services. The gain of over 5 per cent in government non-military wages and salaries reflects the retroactive wage payments, while the smaller increase of 1½ per cent in the transportation, communication and other utilities group reflects industrial disputes in the Ontario trucking industry. Advances of over 3 per cent were recorded in the finance and service industries and wages and salaries in trade increased almost 3½ per cent in the first quarter.

^{1/} Estimates of labour income in the National Accounts are usually based on complete data for the quarter. However, on this occasion, because of implementation of the new standard industrial classification, together with methodological changes affecting the underlying employment data, it was necessary to make the estimates on the basis of figures for the first two months of the year only.

Corporation profits (before taxes and before dividends paid to non-residents) rose in the first quarter to a seasonally adjusted annual rate of \$ 5.5 billion, an advance of about 3 per cent over the previous quarter.

Total profits of the manufacturing group increased 10 per cent or \$236 million at annual rates. Considerable strength was displayed by the wood, chemical and metals industries, advancing 49, 16 and 14 per cent respectively. In absolute terms these advances amounted to \$68, \$36 and \$108 million. Further increases were recorded by petroleum and coal, 23 per cent, and food and beverages, 8 per cent. Profits in the paper industry declined for the fifth consecutive quarter; first quarter profits were down \$48 million, 24 per cent from the previous quarter.

Other industries advancing vigorously were wholesale trade which was up 16 per cent, and services which were up 37 per cent. Mining profits remained unchanged. Profits fell in transportation, storage and communication by \$144 million, in finance by \$28 million, and in other non-manufacturing by \$44 million.

Rent, interest and miscellaneous investment income declined by one per cent over the fourth quarter of last year.

Accrued net income of farm operators from farm production increased by almost 7 per cent in the first quarter from the fourth quarter rate. The strength in farm net income came mainly from much higher livestock production in large part a reflection of sharply rising livestock prices. Income from grain production is estimated to have declined during the quarter as the value of the 1966 crop, based on acreage intentions and ten year average yields, would be 10 per cent lower than the value of the 1965 crop.

Net income received by farm operators increased by over 16 per cent to a level of \$1992 million in the quarter. This very sharp increase was due to large payments made by the Canadian Wheat Board.

Net income of unincorporated business, seasonally adjusted at annual rates, showed little change in the first quarter of 1966; the changes in the individual industries were small and largely offsetting.

The Personal Sector

To summarize developments in the personal sector, the 3.3 per cent increase in personal income in the first quarter was significantly lower than the 3.6 per cent increase in Gross National Product. The inauguration of the Canada and Quebec pension plans at the beginning of the year raised the outlays in respect of employer and employee contributions to social insurance and government pension funds (which are deducted from personal income) to approximately \$1.5 billion, that is more than \$500 million higher than in the previous quarter. These supplementary payments explain in part the relatively large increase in total labour income of 4.2 per cent when wages and salaries were up only 3.6 per cent. Other changes in the composition of personal income may be noted. The effect on farm income of higher receipts from livestock production has already been referred to. In addition, large payments were made to farmers by the Wheat Board. In this situation net income received by farm operators rose 16½ per cent in the quarter. Military pay and allowances rose more than 20 per cent, largely as a result of the bonus given to members of the Armed Services who re-engaged for a specified period of years.

Personal disposable income rose fractionally less than personal income, partly as a result of higher income tax payments. With personal spending rising 2 per cent as against a gain of 3.2 per cent in income available for spending, the quarterly rate of personal saving rose sharply. The large payment to farmers by the Wheat Board is undoubtedly one of the important factors in this development.

The Government Sector

Seasonally adjusted at annual rates, total revenues of all governments combined, excluding inter-governmental transfers, rose by almost 4 per cent in the first quarter to a rate of \$17,824 million. Most of the increase was the result of employer and employee contributions to the Canada and Quebec pension plans which began operations 1st January 1966. Other revenue components showed partially offsetting movements. Revenue from direct taxes remained virtually flat as the gain in personal direct taxes was almost offset by a decline in corporation direct taxes. Revenue from indirect taxes rose by about 3 per cent, the largest gain occurring in municipal real property taxes. Investment income declined by 4 per cent from an irregularly high fourth quarter rate.

Total expenditures of all governments combined increased by almost 2 per cent to a rate of \$17,076 million. Expenditures on goods and services experienced the largest absolute gain. At the federal level, defence outlays rose sharply largely due to the re-engagement bonuses received by service personnel. Non-defence outlays were almost unchanged as increases in salaries and wages and payments out of the International Assistance Fund were offset by declines in most of the other components.

Transfer payment to persons rose by \$200 million during the quarter. Old age security payments, reflecting the lowering of the age limit, effective at the beginning of the year, showed the largest increase.

With total government revenues rising more sharply than expenditures, the government surplus, on a National Accounts basis, almost doubled from a rate of \$400 million in the fourth quarter to a rate of \$748 million in the first quarter, the highest since 1951; much of this improvement in the surplus position was caused by the employer and employee contributions to the Canada and Quebec pension plans.

Production by Industry

Seasonally adjusted Real Domestic Product (at factor cost), less agriculture, for the first quarter of 1966 was about 2 per cent higher than in the preceding quarter and 38 per cent above its first quarter, 1961, cyclical low.

Manufacturing was the largest single contributor to the first quarter gain in non-agricultural real output, followed by trade and construction. Jointly these industry groups accounted for almost 60 per cent of the aggregate increase. Most of the other major industry groupings also showed advances in output from their fourth quarter levels, the exceptions being public administration and defence and fishing and trapping.

Manufacturing advanced by 2 per cent in the first quarter, with the non-durable manufacturing component accounting for close to 60 per cent of this gain. Within non-durables, which increased by 2.2 per cent, most major groups (except clothing and leather products) showed gains from the fourth quarter. The largest contributor was paper products (up by $6\frac{1}{2}$ per cent), which accounted for nearly half of the total increase in non-durables. Chemicals and the foods and beverages group contributed another 27 per cent of the gain in non-durable manufacturing. Within durable manufacturing, which was up by 1.9 per cent, most of the increase came from the 3.7 per cent gain in iron and steel products and the 1.8 per cent advance in the output of transportation equipment. A strong increase of 4.6 per cent was also shown by the non-metallic mineral products group. The only major industry group to show a decline in the first quarter was wood products, which declined by 2.7 per cent, largely as a result of a drop in the output of sawmills.

The next largest contribution to the first quarter gain in non-agricultural real output came from trade, which was up by 1.7 per cent, construction, up by 3.1 per cent, and finance, insurance and real estate and electric power and gas utilities, which increased by 1.9 and 4.4 per cent, respectively. Within trade, the retail trade component showed a gain of 3.5 per cent, while wholesale trade declined moderately. Department stores, furniture and appliance stores, lumber and building material dealers, farm implement dealers and farm feed stores were among the retail trades to show the largest gains. Sales of motor vehicle dealers showed little change from the levels achieved in the previous quarter, although sales for the month of March were quite high. Among the components of wholesale trade to show strong gains in the first quarter were farm machinery, construction material and supply dealers, hardware dealers, wholesalers of meat and dairy products and clothing products. Sales of commercial, institutional and service equipment and industrial and transportation equipment and supplies also increased sharply. These gains, however, were more than offset by declines in many of the other components of wholesale trade.

First quarter gains among other major industry groupings ranged from about 1 to 7 per cent. Transportation, storage and communication showed an increase of 1.3 per cent, with most of the gain coming from the transportation industries. Within transportation, which advanced by 1.8 per cent, the strong gains in railway and water transport were considerably dampened by the decline in the output of the strike-affected trucking industry. Mining increased by 2.2 per cent in the first quarter, largely as a result of the 3 per cent advance in metal mining. The community, recreation, business and personal services group advanced by 1.2 per cent, with the business service component accounting for most of this gain. Electric power and gas utilities and forestry increased by about 4 and 7 per cent respectively.

TABLES UNADJUSTED FOR SEASONAL VARIATION

TABLE 1. National Income and Gross National Product, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income ..	6,026	6,431	6,741	6,835	26,033	6,840		
2. Military pay and allowances	145	153	149	140	587	168		
3. Corporation profits before taxes	1,055	1,409	1,330	1,405	5,199	1,133		
4. Deduct: Dividends paid to non-residents(1)	- 178	- 155	- 161	- 257	- 751	- 187		
5. Rent, interest, and miscellaneous investment income	833	845	874	1,002	3,554	933		
6. Accrued net income of farm operators from farm production(2)	10	100	1,305	230	1,645	107		
7. Net income of non-farm unincorporated business(3)	581	720	712	864	2,877	620		
8. Inventory valuation adjustment(4)	- 41	- 117	- 55	- 112	- 325	- 112		
9. NET NATIONAL INCOME AT FACTOR COST	8,431	9,386	10,895	10,107	38,819	9,502		
10. Indirect taxes less subsidies	1,693	1,780	1,841	1,858	7,172	1,881		
11. Capital consumption allowances and miscellaneous valuation adjustments	1,432	1,546	1,516	1,616	6,110	1,545		
12. Residual error of estimate	- 133	- 60	33	55	- 105	- 180		
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	11,423	12,652	14,285	13,636	51,996	12,748		
14. (Gross national product at market prices excluding accrued net income of farm operators)	(11,413)	(12,552)	(12,980)	(13,406)	(50,351)	(12,641)		

(1) Includes the withholding tax applicable to this item.

(2) Includes change in farm inventories as shown in line 11, Table 4. An adjustment has been made to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board.

(3) Includes net income of independent professional practitioners.

(4) See footnote 4, Table 2.

TABLE 2. Gross National Expenditure, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	7,310	7,976	7,828	8,949	32,063	8,015		
2. Government expenditure on goods and services(1, 2)	2,091	2,427	2,606	2,472	9,596	2,419		
3. Business gross fixed capital formation(3)	2,078	2,578	2,792	2,976	10,424	2,501		
4. New residential construction	469	510	548	597	2,124	492		
5. New non-residential construction	685	893	1,195	1,182	3,955	890		
6. New machinery and equipment	924	1,175	1,049	1,197	4,345	1,119		
7. Value of physical change in inventories(4)	214	- 15	1,085	- 336	948	38		
8. Non-farm business inventories	492	96	164	153	905	388		
9. Farm inventories and grain in commercial channels	- 278	- 111	921	- 489	43	(- 72)		
10. Exports of goods and services	2,264	2,764	3,093	3,035	11,156	2,693		
11. Deduct: Imports of goods and services	- 2,667	- 3,138	- 3,086	- 3,406	- 12,297	- 3,098		
12. Residual error of estimate	133	60	- 33	- 54	106	180		
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	11,423	12,652	14,285	13,636	51,996	12,748		

(1) Includes outlays on new durable assets such as building and highway construction by governments, other than government business enterprises. Also includes net purchases of government commodity agencies.

(2) For details of defence expenditures see line 3, Table 6.

(3) Includes capital expenditures by private and government business enterprises, private non-commercial institutions, and outlays on new residential construction by individuals and business investors.

(4) The book value of inventories is deflated to remove the effect of price changes and the derived "physical" change is then valued at average prices of the current period to obtain the value of physical change. The difference between this value of physical change and the change in book value is called the inventory valuation adjustment. (See line 8, Table 1).

TABLE 3. Source of Personal Income, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income	6,026	6,431	6,741	6,835	26,033	6,840		
2. Deduct: Employer and employee contributions to social insurance and government pension funds	- 232	- 231	- 247	- 249	- 959	- 380		
3. Military pay and allowances	145	153	149	140	587	168		
4. Net income received by farm operators from farm production(1)	262	55	1,226	146	1,689	283		
5. Net income of non-farm unincorporated business	581	720	712	864	2,877	620		
6. Interest, dividends, and net rental income of persons(2)	998	1,015	1,019	1,097	4,129	1,071		
Transfer payments to persons:								
7. From government (excluding interest)	1,204	1,104	1,096	1,098	4,502	1,291		
8. Charitable contributions by corporations	11	11	11	11	44	11		
9. PERSONAL INCOME	8,995	9,258	10,707	9,942	38,902	9,904		

(1) This item differs from line 6, Table 1, by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.

(2) Includes all government debt interest paid to persons.

TABLE 4. Disposition of Personal Income, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Personal direct taxes	911	1,044	958	999	3,912	1,027		
2. Income taxes	746	914	830	865	3,355	850		
3. Succession duties and estate taxes	42	49	60	58	209	52		
4. Miscellaneous	123	81	68	76	348	125		
5. Personal expenditure on consumer goods and services ..	7,310	7,976	7,828	8,949	32,063	8,015		
6. Non-durable goods	3,417	3,663	3,847	4,507	15,434	3,721		
7. Durable goods	827	1,115	889	1,170	4,001	958		
8. Services(1)	3,066	3,198	3,092	3,272	12,628	3,336		
9. Personal net saving	774	238	1,921	- 6	2,927	862		
10. Personal saving excluding change in farm inventories	1,029	326	984	532	2,871	1,161		
11. Value of physical change in farm inventories	- 255	- 88	937	- 538	56	- 299		
12. PERSONAL INCOME	8,995	9,258	10,707	9,942	38,902	9,904		
13. (Personal disposable income)(2)	(8,084)	(8,214)	(9,749)	(8,943)	(34,990)	(8,877)		

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 5. Government Revenue, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Direct taxes - Persons	911	1,044	958	999	3,912	1,027		
2. Federal	621	757	661	676	2,715	661		
3. Provincial and municipal	290	287	297	323	1,197	366		
4. Direct taxes - Corporations	447	580	544	593	2,164	452		
5. Federal	335	435	408	445	1,623	339		
6. (Federal tax collections)	(359)	(566)	(396)	(394)	(1,715)	(399)		
7. Provincial	112	145	136	148	541	113		
8. (Provincial tax collections)	(145)	(140)	(151)	(116)	(552)	(150)		
Withholding taxes:								
9. Federal(1)	37	44	29	58	168	39		
10. Indirect taxes	1,745	1,836	1,924	1,977	7,482	1,944		
11. Federal	689	800	845	913	3,247	805		
12. Provincial and municipal	1,056	1,036	1,079	1,064	4,235	1,139		
13. Investment income	377	397	402	512	1,688	431		
14. Federal	123	153	145	197	618	144		
15. Provincial and municipal	254	244	257	315	1,070	287		
16. Employer and employee contributions to social insurance and government pension funds	232	231	247	249	959	380		
17. Federal	148	144	154	156	602	154		
18. Provincial and municipal	84	87	93	93	357	100		
19. Canada Pension Plan						95		
20. Quebec Pension Plan						31		
Transfers from Federal:								
21. Provincial and municipal	386	367	313	361	1,427	400		
22. TOTAL REVENUE	4,135	4,499	4,417	4,749	17,800	4,673		
23. FEDERAL	1,953	2,333	2,242	2,445	8,973	2,142		
24. PROVINCIAL AND MUNICIPAL	2,182	2,166	2,175	2,304	8,827	2,405		
25. CANADA PENSION PLAN						95		
26. QUEBEC PENSION PLAN						31		

(1) Beginning in 1962, the withholding tax series has been adjusted to conform more closely with the flow of interest and dividends to non-residents.

TABLE 6. Government Expenditure, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Goods and services	2,091	2,427	2,606	2,472	9,596	2,419		
2. Federal	823	761	866	817	3,267	943		
3. (Defence)	(460)	(352)	(380)	(370)	(1,562)	(487)		
4. Provincial and municipal	1,268	1,666	1,740	1,655	6,329	1,476		
5. Transfer payments to persons (excluding interest on the public debt)	1,204	1,104	1,096	1,098	4,502	1,291		
6. Federal	657	594	534	531	2,316	677		
7. Provincial and municipal	547	510	562	567	2,186	614		
8. Interest on the public debt	375	436	389	435	1,635	393		
9. Federal	253	271	262	266	1,052	263		
10. Provincial and municipal	122	165	127	169	583	130		
11. Subsidies	52	56	83	119	310	63		
12. Federal	44	50	56	109	259	57		
13. Provincial	8	6	27	10	51	6		
Capital Assistance:(1)								
14. Federal	20	21	21	22	84	8		
Transfers to other levels of government:								
15. Federal	386	367	313	361	1,427	400		
16. Total expenditure	4,128	4,411	4,508	4,507	17,554	4,574		
17. Federal	2,183	2,064	2,052	2,106	8,405	2,348		
18. Provincial and municipal	1,945	2,347	2,456	2,401	9,149	2,226		
19. Deficit (-) or Surplus (+)	7	88	- 91	242	246	99		
20. Federal	- 230	269	190	339	568	- 206		
21. Provincial and municipal	237	- 181	- 281	- 97	- 322	179		
22. Canada Pension Plan	-	-	-	-	-	95		
23. Quebec Pension Plan	-	-	-	-	-	31		
24. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	4,135	4,499	4,417	4,749	17,800	4,673		
25. FEDERAL	1,953	2,333	2,242	2,445	8,973	2,142		
26. PROVINCIAL AND MUNICIPAL	2,182	2,166	2,175	2,304	8,827	2,405		
27. CANADA PENSION PLAN						95		
28. QUEBEC PENSION PLAN						31		

(1) From 1961 on, this item is treated as government current expenditure; prior to 1961, it was treated as capital transfer.

TABLE 7. Source of National Saving, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Personal net saving	774	238	1,921	- 6	2,927	862		
2. Business gross saving	1,415	2,100	2,043	2,036	7,594	1,645		
3. Undistributed corporation profits	215	488	427	314	1,444	268		
4. Capital consumption allowances and miscellaneous valuation adjustments	1,432	1,546	1,516	1,616	6,110	1,545		
5. Adjustment on grain transactions(1)	- 252	45	79	84	- 44	- 176		
6. Capital assistance	20	21	21	22	84	8		
7. Inventory valuation adjustment	- 41	- 117	- 55	- 112	- 325	- 112		
8. Government surplus (+) or deficit (-)	7	88	- 91	242	246	99		
9. Residual error of estimate	- 133	- 60	33	55	- 105	- 180		
10. Totals	2,022	2,249	3,851	2,215	10,337	2,314		

(1) This item is an adjustment to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board. See also footnote 1, Table 3.

TABLE 8. Disposition of National Saving, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Business gross fixed capital formation	2,078	2,578	2,792	2,976	10,424	2,501		
2. New residential construction	469	510	548	597	2,124	492		
3. New non-residential construction	685	893	1,195	1,182	3,955	890		
4. New machinery and equipment	924	1,175	1,049	1,197	4,345	1,119		
5. Value of physical change in inventories	214	- 15	1,085	- 336	948	38		
6. Surplus (+) or deficit (-) on current account with non-residents	- 403	- 374	7	- 371	- 1,141	- 405		
7. Residual error of estimate	133	60	- 33	- 54	106	180		
8. Totals	2,022	2,249	3,851	2,215	10,337	2,314		

TABLE 9. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1965 and 1966(1)
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	6,564	7,111	6,896	7,891	28,462	6,987		
2. Non-durable goods	3,146	3,314	3,436	4,017	13,913	3,284		
3. Durable goods	827	1,116	892	1,170	4,005	971		
4. Services	2,591	2,681	2,568	2,704	10,544	2,732		
5. Government expenditure on goods and services	1,595	1,929	2,150	1,893	7,567	1,732		
6. Business gross fixed capital formation	1,680	2,070	2,235	2,362	8,347	1,962		
7. New residential construction	370	396	423	455	1,644	369		
8. New non-residential construction	553	710	951	925	3,139	683		
9. New machinery and equipment	757	964	861	982	3,564	910		
10. Change in inventories	253	- 36	976	- 255	938	101		
11. Non-farm business inventories	481	109	115	169	874	378		
12. Farm inventories and grain in commercial channels	- 228	- 145	861	- 424	64	- 277		
13. Exports of goods and services	2,062	2,495	2,759	2,707	10,023	2,383		
14. Deduct: Imports of goods and services	- 2,335	- 2,750	- 2,683	- 2,982	- 10,750	- 2,671		
15. Residual error of estimate	115	52	- 28	- 46	93	149		
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	9,934	10,871	12,305	11,570	44,680	10,643		

(1) The implicit price deflators of the seasonally unadjusted components of Gross National Expenditure, derived by dividing the value figures in Table 2 by the constant dollar figures in Table 9, are not suitable as indicators of quarter-to-quarter price change. This is because they are currently weighted and therefore are affected by compositional shifts which occur within the unadjusted components of Gross National Expenditure, on a quarter-to-quarter basis. Quarter-to-quarter comparisons based on seasonally adjusted data are less subject to the problem of shifting weights and may be used as a measure of price change.

TABLES ADJUSTED FOR SEASONAL VARIATION AND AT ANNUAL RATES

TABLE 10. National Income and Gross National Product, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates (millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income	25,008	25,600	26,344	27,180	26,033	28,320		
2. Military pay and allowances	596	592	600	560	587	680		
3. Corporation profits before taxes	5,040	5,112	5,344	5,300	5,199	5,452		
4. Deduct: Dividends paid to non-residents(1)	- 700	- 788	- 772	- 744	- 751	- 740		
5. Rent, interest, and miscellaneous investment income	3,384	3,516	3,516	3,800	3,554	3,764		
6. Accrued net income of farm operators from farm production(2)	1,564	1,496	1,780	1,740	1,645	1,856		
7. Net income of non-farm unincorporated business(3)	2,736	2,872	2,980	2,920	2,877	2,940		
8. Inventory valuation adjustment	- 188	- 308	- 340	- 464	- 325	- 472		
9. NET NATIONAL INCOME AT FACTOR COST	37,440	38,092	39,452	40,292	38,819	41,800		
10. Indirect taxes less subsidies	6,924	7,128	7,320	7,316	7,172	7,740		
11. Capital consumption allowances and miscellaneous valuation adjustments	5,944	6,092	6,128	6,276	6,110	6,388		
12. Residual error of estimate	- 112	12	- 196	- 124	- 105	- 216		
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	50,196	51,324	52,704	53,760	51,996	55,712		
14. (Gross national product at market prices excluding accrued net income of farm operators)	(48,632)	(49,828)	(50,924)	(52,020)	(50,351)	(53,856)		

(1) See footnote 1, Table 1.

(2) Includes an arbitrary smoothing of crop production and standard seasonal adjustments for withdrawals of grain from farm stocks and the change in livestock items. Because of the arbitrary elements, too precise an interpretation should not be given the seasonally adjusted figures of accrued net income of farm operators.

(3) Includes net income of independent professional practitioners.

TABLE 11. Gross National Expenditure, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates (million of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	30,748	31,644	32,520	33,340	32,063	33,996		
2. Government expenditure on goods and services(1, 2)	9,248	9,540	9,660	9,936	9,596	10,312		
3. Business gross fixed capital formation(3)	9,760	10,004	10,672	11,260	10,424	11,576		
4. New residential construction	2,044	2,192	2,132	2,128	2,124	2,140		
5. New non-residential construction	3,796	3,720	4,036	4,268	3,955	4,612		
6. New machinery and equipment	3,920	4,092	4,504	4,864	4,345	4,824		
7. Value of physical change in inventories	1,288	1,168	728	608	948	408		
8. Non-farm business inventories	1,108	980	836	696	905	644		
9. Farm inventories and grain in commercial channels(4)	180	188	- 108	- 88	43	- 236		
10. Exports of goods and services	10,624	10,972	11,316	11,712	11,156	12,612		
11. Deduct: Imports of goods and services	- 11,588	- 11,992	- 12,392	- 13,216	- 12,297	- 13,408		
12. Residual error of estimate	116	- 12	200	120	106	216		
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	50,196	51,324	52,704	53,760	51,996	55,712		
Detail of Farm Inventories and GICC:								
Value of grain crop production	1,300	1,300	1,300	1,304	1,301	1,168		
Depletions of farm stocks of grain	- 1,188	- 1,168	- 1,116	- 1,340	- 1,203	- 1,208		
Change in livestock inventories	- 4	- 40	- 28	- 96	- 42	- 156		
Grain in commercial channels	72	96	- 264	44	- 13	- 40		

(1) See footnote 1, Table 2.

(2) For details of defence expenditures, see line 3, Table 15.

(3) See footnote 3, Table 2.

(4) In the seasonally adjusted series, the value of grain production in each quarter is taken as one-fourth of the estimated value of crop production for the year as a whole (see footnote 2, Table 10). All other items in the farm inventories series are seasonally adjusted by standard techniques.

TABLE 12. Source of Personal Income, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income	25,008	25,600	26,344	27,180	26,033	28,320		
2. Deduct: Employer and employee contributions to social insurance and government pension funds	- 920	- 948	- 980	- 988	- 959	- 1,512		
3. Military pay and allowances	596	592	600	560	587	680		
4. Net income received by farm operators from farm production(1)	2,080	1,244	1,720	1,712	1,689	1,992		
5. Net income of non-farm unincorporated business	2,736	2,872	2,980	2,920	2,877	2,940		
6. Interest, dividends, and net rental income of persons(2)	4,048	4,044	4,164	4,260	4,129	4,344		
Transfer payments to persons:								
7. From government (excluding interest)	4,404	4,424	4,604	4,576	4,502	4,784		
8. Charitable contributions by corporations	44	44	44	44	44	44		
9. PERSONAL INCOME	37,996	37,872	39,476	40,264	38,902	41,592		

(1) This item differs from line 6, Table 10, by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.

(2) Includes all government debt interest paid to persons.

TABLE 13. Disposition of Personal Income, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Personal direct taxes	3,800	3,852	3,932	4,064	3,912	4,244		
2. Income taxes	3,284	3,308	3,352	3,476	3,355	3,680		
3. Succession duties and estate taxes	168	196	240	232	209	208		
4. Miscellaneous	348	348	340	356	348	356		
5. Personal expenditure on consumer goods and services	30,748	31,644	32,520	33,340	32,063	33,996		
6. Non-durable goods	14,784	15,260	15,584	16,108	15,434	16,304		
7. Durable goods	3,708	3,892	4,224	4,180	4,001	4,376		
8. Services(1)	12,256	12,492	12,712	13,052	12,628	13,316		
9. Personal net saving	3,448	2,376	3,024	2,860	2,927	3,352		
10. PERSONAL INCOME	37,996	37,872	39,476	40,264	38,902	41,592		
11. (Personal disposable income)(2)	34,196	34,020	35,544	36,200	34,990	(37,348)		

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 14. Government Revenue, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Direct taxes - Persons	3,800	3,852	3,932	4,064	3,912	4,244		
2. Federal	2,720	2,760	2,660	2,720	2,715	2,836		
3. Provincial and municipal	1,080	1,092	1,272	1,344	1,197	1,408		
4. Direct taxes - Corporations	2,060	2,136	2,192	2,268	2,164	2,108		
5. Federal	1,544	1,600	1,636	1,712	1,623	1,576		
6. (Federal tax collections)	(1,576)	(1,896)	(1,628)	(1,760)	(1,715)	(1,752)		
7. Provincial	516	536	556	556	541	532		
8. (Provincial tax collections)	(544)	(584)	(544)	(536)	(552)	(564)		
Withholding taxes:								
9. Federal(1)	160	172	164	176	168	168		
10. Indirect taxes	7,164	7,372	7,592	7,800	7,482	8,008		
11. Federal	3,040	3,172	3,332	3,444	3,247	3,528		
12. Provincial and municipal(2)	4,124	4,200	4,260	4,356	4,235	4,480		
13. Investment income	1,592	1,660	1,644	1,856	1,688	1,784		
14. Federal	568	612	572	720	618	624		
15. Provincial and municipal	1,024	1,048	1,072	1,136	1,070	1,160		
16. Employer and employee contributions to social insurance and government pension funds	920	948	980	988	959	1,512		
17. Federal	584	600	608	616	602	608		
18. Provincial and municipal	336	348	372	372	357	400		
19. Canada Pension Plan						380		
20. Quebec Pension Plan						124		
Transfers from Federal:								
21. Provincial and municipal	1,496	1,444	1,316	1,452	1,427	1,544		
22. TOTAL REVENUE	17,192	17,584	17,820	18,604	17,800	19,368		
23. FEDERAL	8,616	8,916	8,972	9,388	8,973	9,340		
24. PROVINCIAL AND MUNICIPAL	8,576	8,668	8,848	9,216	8,827	9,524		
25. CANADA PENSION PLAN						380		
26. QUEBEC PENSION PLAN						124		

(1) "See footnote 1, Table 5."

(2) The quarterly figures of real property taxes unadjusted and seasonally adjusted are obtained by dividing annual totals by four since real property taxes accrue uniformly throughout the taxation year. Because in recent years, changes in real property tax rates have been generally upward this treatment gives rise to fictitious seasonal between the fourth and first quarters in the seasonally adjusted indirect taxes series.

TABLE 15. Government Expenditure, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Goods and services	9,248	9,540	9,660	9,936	9,596	10,312		
2. Federal	3,204	3,132	3,312	3,420	3,267	3,580		
3. (Defence)	(1,620)	(1,512)	(1,584)	(1,532)	(1,562)	(1,664)		
4. Provincial and municipal	6,044	6,408	6,348	6,516	6,329	6,732		
5. Transfer payments to persons (excluding interest on the public debt)	4,404	4,424	4,604	4,576	4,502	4,784		
6. Federal	2,292	2,348	2,360	2,264	2,316	2,396		
7. Provincial and municipal	2,112	2,076	2,244	2,312	2,186	2,388		
8. Interest on the public debt	1,608	1,624	1,640	1,668	1,635	1,680		
9. Federal	1,052	1,036	1,040	1,080	1,052	1,092		
10. Provincial and municipal	556	588	600	588	583	588		
11. Subsidies	240	244	272	484	310	268		
12. Federal	192	192	220	432	259	244		
13. Provincial	48	52	52	52	51	24		
Capital Assistance:(1)								
14. Federal	80	84	84	88	84	32		
Transfers to other levels of government:								
15. Federal	1,496	1,444	1,316	1,452	1,427	1,544		
16. Total expenditure	17,076	17,360	17,576	18,204	17,554	18,620		
17. Federal	8,316	8,236	8,332	8,736	8,405	8,888		
18. Provincial and municipal	8,760	9,124	9,244	9,468	9,149	9,732		
19. Deficit (-) or surplus (+)	+ 116	+ 224	+ 244	+ 400	+ 246	+ 748		
20. Federal	+ 300	+ 680	+ 640	+ 652	+ 568	+ 452		
21. Provincial and municipal	- 184	- 456	- 396	- 252	- 322	- 208		
22. Canada Pension Plan						+ 380		
23. Quebec Pension Plan						+ 124		
24. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	17,192	17,584	17,820	18,604	17,800	19,368		
25. FEDERAL	8,616	8,916	8,972	9,388	8,973	9,340		
26. PROVINCIAL AND MUNICIPAL	8,576	8,668	8,848	9,216	8,827	9,524		
27. CANADA PENSION PLAN						380		
28. QUEBEC PENSION PLAN						124		

(1) See footnote 1, Table 6.

TABLE 16. Source of National Saving, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Personal net saving	3,448	2,376	3,024	2,860	2,927	3,352		
2. Business gross saving	6,936	7,836	7,792	7,812	7,594	7,992		
3. Undistributed corporation profits	1,428	1,408	1,520	1,420	1,444	1,708		
4. Capital consumption allowances and miscellaneous valuation adjustments	5,944	6,092	6,128	6,276	6,110	6,388		
5. Adjustment on grain transactions(1)	- 516	252	60	28	- 44	- 136		
6. Capital assistance	80	84	84	88	84	32		
7. Inventory valuation adjustment	- 188	- 308	- 340	- 464	- 325	- 472		
8. Government surplus (+) or deficit (-)	116	224	244	400	246	748		
9. Residual error of estimate	- 112	12	- 196	- 124	- 105	- 216		
10. Totals	10,200	10,140	10,524	10,484	10,337	11,404		

(1) This item is an adjustment to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board. See also footnote 1, Table 3.

TABLE 17. Disposition of National Saving, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

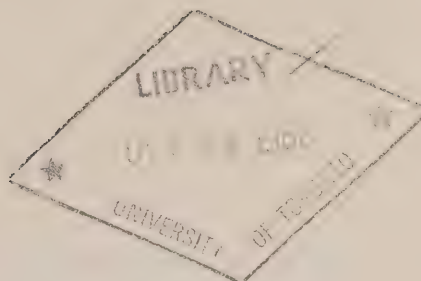
	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Business gross fixed capital formation	9,760	10,004	10,672	11,260	10,424	11,576		
2. New residential construction	2,044	2,192	2,132	2,128	2,124	2,140		
3. New non-residential construction	3,796	3,720	4,036	4,268	3,955	4,612		
4. New machinery and equipment	3,920	4,092	4,504	4,864	4,345	4,824		
5. Value of physical change in inventories	1,288	1,168	728	608	948	408		
6. Surplus (+) or deficit (-) on current account with non-residents	- 964	- 1,020	- 1,076	- 1,504	- 1,141	- 796		
7. Residual error of estimate	116	- 12	200	120	106	216		
8. Totals	10,200	10,140	10,524	10,484	10,337	11,404		

TABLE 18. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1965 and 1966(1)
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	27,564	28,144	28,808	29,332	28,462	29,568		
2. Non-durable goods	13,512	13,780	14,000	14,360	13,913	14,280		
3. Durable goods	3,704	3,888	4,236	4,192	4,005	4,416		
4. Services	10,348	10,476	10,572	10,780	10,544	10,872		
5. Government expenditure on goods and services	7,396	7,580	7,620	7,672	7,567	7,724		
6. Business gross fixed capital formation	7,900	8,024	8,548	8,916	8,347	9,088		
7. New residential construction	1,608	1,700	1,648	1,620	1,644	1,604		
8. New non-residential construction	3,080	2,960	3,196	3,320	3,139	3,564		
9. New machinery and equipment	3,212	3,364	3,704	3,976	3,564	3,920		
10. Change in inventories	1,252	1,156	720	624	938	548		
11. Non-farm business inventories	1,080	944	804	668	874	648		
12. Farm inventories and grain in commercial channels	172	212	- 84	- 44	64	- 100		
13. Exports of goods and services	9,644	9,908	10,112	10,428	10,023	11,160		
14. Deduct: Imports of goods and services	- 10,156	- 10,540	- 10,828	- 11,476	- 10,750	- 11,548		
15. Residual error of estimate	104	- 12	176	104	93	180		
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	43,704	44,260	45,156	45,600	44,680	46,720		

(1) See footnote 1, Table 9.

~~FEB 18 1967~~



NATIONAL ACCOUNTS
INCOME AND EXPENDITURE
SECOND QUARTER 1966

Published by Authority of
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"National Accounts, Income and Expenditure, by Quarters, 1947-61", for the years 1947-58.

"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1963", for the year 1959.

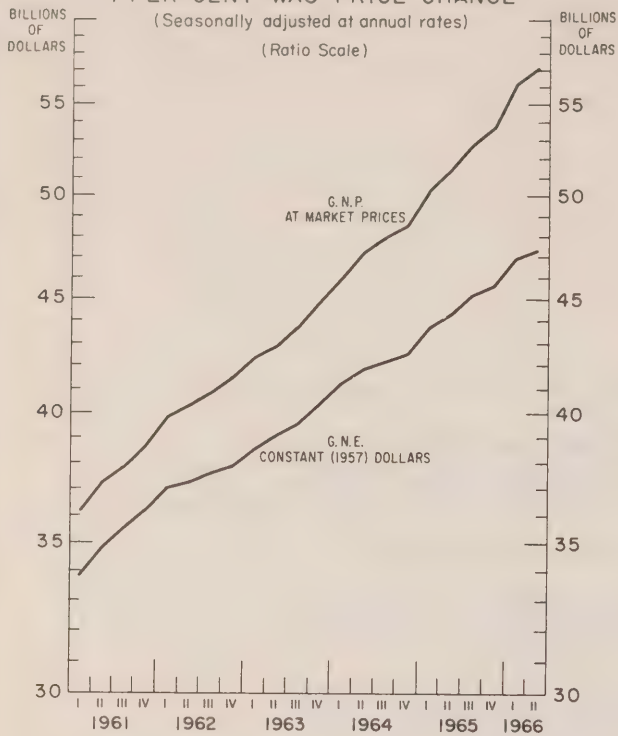
"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1964", for the year 1960.

"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1965", for the years 1961-64.

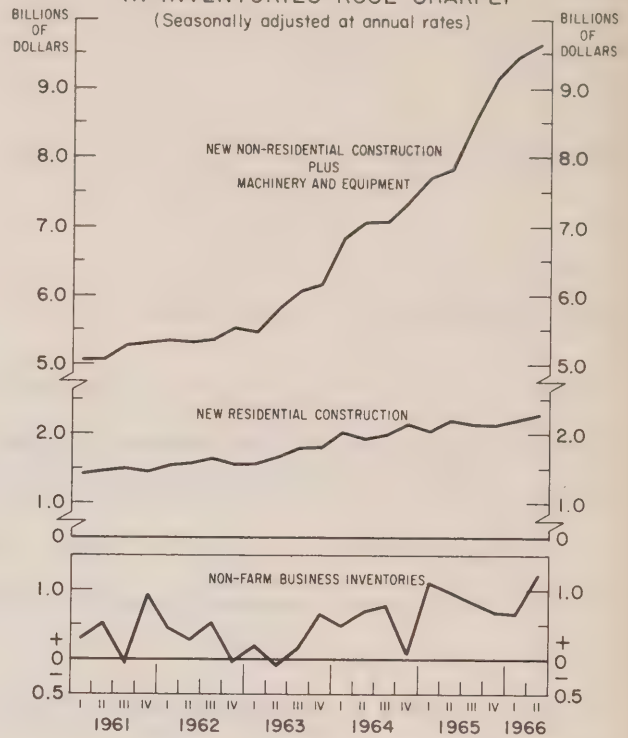
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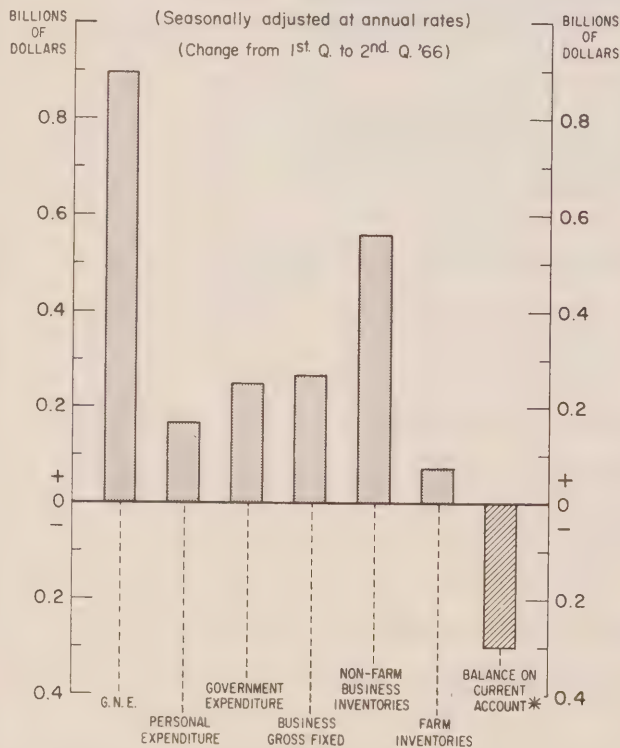
FOLLOWING THE SHARP INCREASE IN
THE PREVIOUS QUARTER, G.N.P. SHOWED
A RISE OF 1.6 PER CENT OF WHICH
1 PER CENT WAS PRICE CHANGE



BUSINESS SPENDING ON PLANT
AND EQUIPMENT CONTINUED TO
INCREASE WHILE INVESTMENT
IN INVENTORIES ROSE SHARPLY

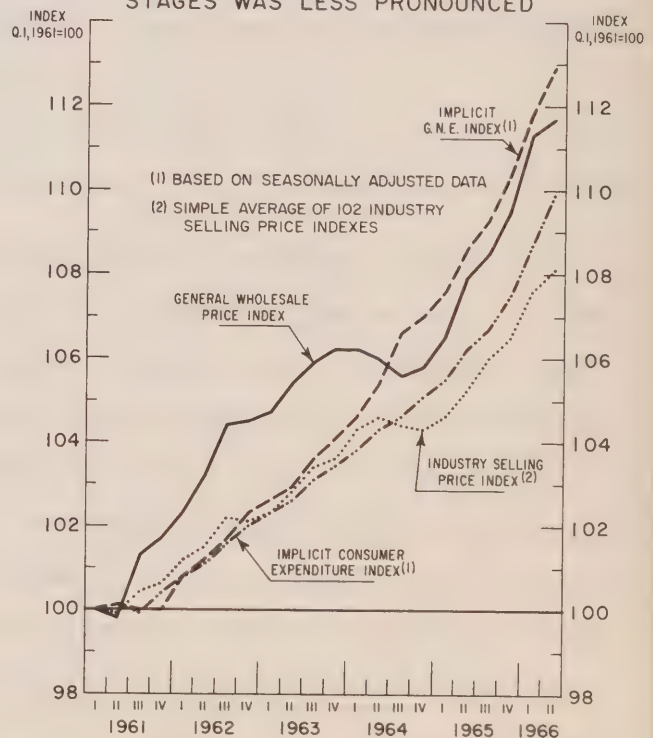


SHOWN BELOW ARE THE
COMPONENTS OF THE ADVANCE
IN THE G. N. P.



* NATIONAL ACCOUNTS BASIS

AT RETAIL, PRICES CONTINUED TO
RISE AT ABOUT 1 PER CENT WHILE THE
ADVANCE IN THE EARLIER DISTRIBUTIVE
STAGES WAS LESS PRONOUNCED



INTRODUCTORY REVIEW

Following an unusually strong rate of advance in the level of economic activity in the first quarter, gross national product in the second quarter increased by 1.6 per cent, of which 1 per cent was attributable to price change.

Domestic demand originating in the government and business sectors continued to show significant increases, while consumer spending on goods and on services moderated considerably.

A feature of the second quarter was the sharp drop in demand for new cars, a drop which had a pervasive effect throughout the economy. The decrease in automobile purchases was evident in most of Canada, and in Ontario it was reinforced by high level first quarter purchases associated with the April 1st increase in the Ontario sales tax. With production of new cars declining by less than the decrease in final demand, there was a build-up of automobile inventories at the manufacturing, wholesale, and, most notably at the retail level. There was also a decline in demand for new cars in the United States which, in turn, may possibly have affected Canadian exports of automobiles, which decreased from their high first quarter level, discounting seasonality. By the end of the quarter sales of new cars once again increased, but to a level that was well below that of the preceding four quarters.

Consumer expenditure on non-durable goods and on services showed moderate increases from the first quarter which, however, were largely offset by the decline in durable goods spending. Consequently, total personal expenditure rose by only half of one per cent. After taking account of price increases, personal expenditure showed a fractional decline.

Expenditure on goods and services by all levels of government combined rose by nearly $2\frac{1}{2}$ per cent. This increase was concentrated at the provincial-municipal level. Federal outlays increased only marginally.

Business investment in plant and equipment continued to increase, with a fractional decline in investment in machinery and equipment moderating a gain in expenditures on new non-residential construction. Investment in housing increased by about $3\frac{1}{2}$ per cent, although starts, particularly of apartment dwellings, were down in the first half of this year, when compared with the like period of last year.

Investment in inventories in the second quarter reached a level of \$1.2 billion, at annual rates, strongly up from the \$0.7 billion first quarter level. All the major industries showed a build-up of inventories in the second quarter.

Following a sharp contraction in the current account deficit^{1/} in the first quarter of 1966 to \$0.7 billion, the deficit widened to \$1.0 billion at annual rates in the second quarter. A decline in the merchandise balance was the cause of the increased deficit, with exports of goods declining by about 2 per cent, and imports rising by about $1\frac{1}{2}$ per cent. In the first quarter the Ontario trucking strike had somewhat affected the flow of imports, while in the second quarter strikes at St. Lawrence ports coupled with the strikes of British seamen had the same effect on the flows of overseas trade.

Turning to the income components, labour income advanced by about 2 per cent between the first and second quarters, the smallest quarter-to-quarter change in this component since the fourth quarter of 1964. Profits showed a fractional decline from a continuing high level. While accrued farm income^{2/} showed little change, net income of non-farm unincorporated business declined by 3 per cent, partly as a result of a decline at the retail level.

^{1/} National Accounts basis.

^{2/} The original estimate of Gross National Product for the first quarter assumed an average crop. This estimate was based on acreage intentions and ten-year average yields. Gross National Product for the first quarter has been revised upward by \$332 million to take account of the August forecast of a record crop.

Quarter to Quarter Changes in Final Purchases
(Seasonally Adjusted at Annual Rates)
(millions of dollars)

	3Q'62 to 4Q'62	4Q'62 to 1Q'63	1Q'63 to 2Q'63	2Q'63 to 3Q'63	3Q'63 to 4Q'63	4Q'63 to 1Q'64	1Q'64 to 2Q'64	2Q'64 to 3Q'64	3Q'64 to 4Q'64	4Q'64 to 1Q'65	1Q'65 to 2Q'65	2Q'65 to 3Q'65	3Q'65 to 4Q'65	4Q'65 to 1Q'66	1Q'66 to 2Q'66
1. Personal expenditure	504	316	488	488	548	736	296	688	400	364	896	876	820	584	168
2. Government expenditure	28	200	- 48	248	12	340	64	- 48	376	320	292	120	276	512	248
3. Residential construction	- 88	12	88	140	12	200	- 64	52	140	- 92	148	- 60	- 4	72	80
4. Non-residential construction ..	56	- 12	248	32	52	268	84	124	52	316	- 76	316	232	244	208
5. Machinery and equipment	104	- 28	92	224	48	380	160	- 116	248	28	172	412	360	64	- 24
6. Exports of goods and services	68	260	324	8	752	332	604	68	- 288	148	348	344	396	968	- 148
7. Total final purchases	672	748	1,192	1,140	1,424	2,256	1,144	768	928	1,084	1,780	2,008	2,080	2,444	532
8. (Final domestic demand)	604	488	868	1,132	672	1,924	540	700	1,216	936	1,432	1,664	1,684	1,476	680

Quarter to Quarter Changes in Other Selected Items

9. "Shift" in non-farm business inventories	- 520	216	- 272	240	480	- 168	216	80	- 696	1,020	- 128	- 144	- 140	- 36	560
10. Imports of goods and services	- 396	168	284	488	372	608	-	76	244	448	404	400	824	196	152
11. G.N.P. (ex. farm)	612	684	628	804	1,096	1,508	888	1,044	636	1,472	1,196	1,096	1,096	1,920	888

Constant (1957) Dollars

Quarter to Quarter Percentage Changes in Select Items

12. Final domestic demand	1.0	0.7	1.6	1.8	1.0	3.9	0.4	0.9	2.0	1.0	2.1	2.8	2.1	1.2	0.3
13. Total final purchases	0.9	1.1	1.9	1.5	2.1	3.7	1.4	0.7	1.2	1.1	2.2	2.7	2.3	2.4	- 0.1
14. Gross national expenditure	0.8	1.7	1.2	1.3	2.0	2.1	1.7	0.5	0.8	3.0	1.3	2.0	1.0	3.0	0.7

In summary, the second quarter was characterized by continued increases in demand in most areas other than consumer spending on durable goods, a large build-up in non-farm business inventories, and a widening of the deficit on current account in part due to special factors. By the last month of the quarter, however, retail trade showed an increase following two months of declines both for motor vehicle dealers and for all other trades taken together. On the other hand, the June index of industrial production showed for the second consecutive month a fractional decline from its April peak.

Price Movements

As previously mentioned, the price component of Gross National Product advanced by 1 per cent between the first and second quarters. Prices for each of the personal expenditure, business gross fixed capital formation, export and import components increased by about 1 per cent or more, but a decline in the implicit price index of government expenditure, the result of special factors, slightly moderated the over-all rate of price change.

The implicit price index of consumer expenditure advanced by over 1 per cent for the second consecutive quarter. The rate of increase in food prices moderated somewhat, but non-food commodities increased by over 1 per cent, 0.6 per cent of which was attributable to the increase in the Ontario sales tax. A large part of the increase in the prices of durable goods also was the result of the sales tax change. The following table details quarter-to-quarter changes in consumer prices over the past five quarters.

Personal Expenditure Price Indexes
Percentage Change from the Preceding Quarter
(Based on Seasonally Adjusted Data)

	1965				1966	
	1 Q	2 Q	3 Q	4 Q	1Q	2Q
Food	0.5	2.2	0.5	1.4	3.1	1.2
Non-Food Commodities	-	0.2	0.1	0.3	0.4	1.3
Total Goods	0.2	0.9	0.2	0.6	1.4	1.3
Of which: Non-durable Goods	0.4	1.2	0.5	1.1	1.5	1.1
Durable Goods	-0.3	-0.1	-0.3	-0.1	-0.4	0.9
Services	0.7	0.7	0.9	0.7	1.0	0.9
Total Personal Expenditure	0.3	0.8	0.4	0.7	1.3	1.1

Price data for July and August suggest an advance of a little less than 1 per cent for consumer expenditure prices between the second and third quarters, with continued increases in food prices.

The seasonally adjusted implicit price index for gross fixed capital formation rose by one per cent this quarter as compared to 0.9 per cent last quarter and 1.2 per cent for the fourth quarter of 1965. However, price increases were not uniformly distributed among the three broad investment categories. The rate of price increase in new residential construction was slightly less this quarter than last quarter - 1.2 per cent versus 1.4 per cent. In new non-residential construction, however, there was a sharp acceleration in the rate of price increase, the index rising 1.6 per cent as contrasted to a rise of 0.9 per cent last quarter. This seems largely due to sharp rises in average hourly earnings in engineering construction.

In contrast to price experience in construction, the implicit price index for new machinery and equipment showed only a marginal increase. (However, an examination of machinery and equipment prices used by various industry groups shows a somewhat larger price increase for manufacturing equipment than for the other major industrial groups.)

These movements are portrayed in the following table, which summarizes recent price experience in gross fixed capital formation.

Implicit Price Indexes^{1/}
Gross Fixed Capital Formation. Per Cent Change from the
Preceding Quarter and over The Twelve Month Period.

	2Q/65 to 3Q/65	3Q/65 to 4Q/65	4Q/65 to 1Q/66	1Q/66 to 2Q/66	2Q/65 to 2Q/66
Business Gross Fixed Capital Formation	0.1	1.2	0.9	1.0	3.2
New residential construction	0.4	1.5	1.4	1.2	4.6
New non-residential construction	0.5	1.8	0.9	1.6	4.9
New machinery & equipment	-	0.6	0.6	0.2	1.3

^{1/}Seasonally adjusted.

Prices of merchandise exports increased by 0.5 per cent. Declines in the prices of goods such as livestock and meat products partially offset increases in the prices of wheat, lumber and copper. Supply conditions coupled with increased demand have resulted in an increase in copper prices of over 20 per cent during the past twelve months.

Demand Components

Personal expenditure on goods and services, seasonally adjusted at annual rates, reached a level of \$34.1 billion in the second quarter, an advance of only 0.5 per cent over the first quarter. The advance, smallest since the beginning of the current expansion, occurred despite a slight decrease in personal income. After adjustment for price changes, expenditure on goods and services in real terms showed a decline of 0.7 per cent, the first decrease since the first quarter of 1961.

Expenditure on services continued to advance, with a gain of 1.5 per cent over the previous quarter, while expenditures on goods fell 0.2 per cent below their high first quarter level.

Expenditures on non-durable goods showed the greatest buoyancy of any of the major components of consumer expenditure by advancing 2.7 per cent over the first quarter level. The main contributors to this increase were heating fuels and gas, each advancing over 8 per cent, attributable in part to the below normal temperatures in the spring, and provincial and local sales taxes which advanced almost 9 per cent. Food showed an increase of almost 2 per cent. In real terms the advance over the preceding quarter was dampened to 0.6 per cent. Total clothing expenditure, including footwear, after increasing steadily from the third quarter of 1962, declined by 2 per cent from the first quarter. All components of the clothing group turned down after having shown gains in the first quarter of the year. The same was true for household supplies, with soaps and cleaning supplies showing a loss of nearly 4 per cent and other household supplies a loss of about $1\frac{1}{2}$ per cent.

Demand for durable goods fell 11.0 per cent below the first quarter level, the greatest decrease in the demand for any major component of consumer expenditure since the beginning of the current expansion. The greatest weakness was in new car sales which fell almost 19 per cent below their first quarter level. Both purchases and trade-ins of used cars showed similar sharp declines. Home furnishings and furniture showed declines of between 6 and 7 per cent after making gains of between 7 and 9 per cent in the first quarter. Appliances and television sales declined by nearly

4 per cent in the second quarter, ending a series of continuous gains beginning in the first quarter of 1965. The decline in purchases of non-automotive durable goods as well as the sharp drop in spending on new cars was evident throughout most of Canada, although in Ontario the trend was considerably reinforced by high level first quarter anticipatory buying related to the April 1st increase of 2 per cent in the Ontario sales tax.

In contrast to durable goods, where all the components showed marked decreases, nearly all the components of service expenditures showed an increase over their first quarter levels. Owner-operated transportation showed an increase of $4\frac{1}{2}$ per cent after declining by $1\frac{1}{2}$ per cent in the first quarter. Personal care expanded by over $2\frac{1}{2}$ per cent as against nearly 2 per cent in the preceding quarter. Personal services was the only component to show a decline in sales from the second quarter, dropping by 1 per cent.

The rise in business fixed capital expenditure was \$264 million, seasonally adjusted and at annual rates, or about $2\frac{1}{2}$ per cent. Outlays increased for housing \$80 million over the first quarter rate; for new construction, other than housing, \$208 million; but outlays for new machinery and equipment edged down \$24 million. Total business spending on capital goods, at a seasonally adjusted annual rate, during the first half of the year ran 13 per cent ahead of the year 1965. The latest joint survey by DBS and the Department of Trade and Commerce of capital spending intentions, conducted in late May and June, reported business fixed investment intentions to be \$12,305 million, or 18 per cent higher than 1965. An earlier survey, conducted in late-1965 and January 1966, had reported capital budgets \$11,865 million, or 14 per cent higher. Manufacturing industries with significantly higher capital intentions included foods and beverages, paper, primary metals, and transportation equipment. Utilities with higher budgets included electric power, railway transport, telephones, air transport, and oil and gas pipe lines.

Outlays for new residential construction rose $3\frac{1}{2}$ per cent in the second quarter. In contrast to a year earlier, the work put into place for single-detached houses increased and for multiple units decreased. Overall, the volume of work put into place was higher. A correction was made for the shift in the number of completions between March and April resulting from the extension of the deadline under the Winter House Building Incentive Programme for single and small multiple dwelling units from March 31 to April 15.

The number of both starts and building permits declined in the second quarter, and the level of new residential outlays may be expected to reflect this decline in the remainder of this year. The federal government has announced its decision against continuing the \$500 winter works bonus in the coming winter, the purpose of stimulating winter building having been accomplished. Despite the boost in NHA interest rates and the rise in conventional mortgage interest rates, the volume of money being attracted into housing has declined. In these circumstances CMHC direct loans have been maintained **permitting, as in other recent years**, construction under the merchant builder programme.

The annual rate of non-residential construction activity moved from \$4,512 to \$4,720 million, after allowance for seasonal factors. A large part of the gain appeared to be in building-type construction work. Outlays on new machinery and equipment dropped from \$4,928 to \$4,904 million, mainly reflecting a lower rate of investment in automotive transportation equipment.

Exports and Imports of Goods and Services

The deficit in Canada's external account, on a national accounts' basis, moved from a seasonally adjusted annual rate of \$732 million in the first quarter to \$1,032 million in the second. The change of \$300 million resulted from a drop in the merchandise trade surplus of \$312 million offsetting an improvement of \$12 million in non-merchandise trade.

Exports and Imports of Goods and Services*
(Seasonally adjusted, at annual rates, in millions of dollars)

Year	Quarter	Goods			Services			Current balance
		Exports	Imports	Net	Exports	Imports	Net	
1965	1st	8,268	8,120	148	2,356	3,468	-1,112	- 964
	2nd	8,552	8,312	240	2,420	3,680	-1,260	-1,020
	3rd	8,812	8,652	160	2,504	3,740	-1,236	-1,076
	4th	9,316	9,460	-144	2,396	3,756	-1,360	-1,504
1966	1st	10,056	9,528	528	2,624	3,884	-1,260	- 732
	2nd	9,888	9,672	216	2,644	3,892	-1,248	-1,032
1Q66 to 2Q66 %		-1.7	1.5		0.8	0.2		

* Seasonally adjusted figures for 1965 do not incorporate revisions to the original data made by the Balance of Payments Section as shown in DBS 67-001 for the second quarter 1966. National Accounts figures do not include allowances for immigrants' or emigrants' funds and inheritances.

The improvement in non-merchandise trade can be ascribed mainly to a drop in net payments in the miscellaneous account, including a much smaller total of official contributions.

Gains were made in exports over the first quarter in wheat clearances, copper, iron ore, crude petroleum, zinc, natural gas, lumber, wood pulp, fertilizers, farm and non-farm machinery. Export declines were recorded in fish, aluminum, nickel, asbestos, and newsprint. Import commodity detail is still incomplete for the second quarter. However, the advance in outlays for machinery, transportation and communication equipment, and other equipment and tools from office furniture to electronic computers, registered in the first quarter over year earlier levels, continued into April.

Labour disputes disrupted trade in both quarters. The trucking strike in Ontario retarded imports from the United States in the first quarter. Work stoppages involving stevedores and freight handlers in some St. Lawrence ports and the strike of British seamen affected overseas trade in the second quarter.

Export gains in United States markets in the second quarter were more than offset by declines in the United Kingdom and most other areas. United States suppliers accounted for all of the increase in imports. The deficit in merchandise trade with the United States widened in the second quarter.

Business investment in inventories experienced continuing growth, registering an accumulation of \$1,220 million at annual rates as compared to \$660 million in the first quarter, after allowing for seasonal movements. Much of the increase in production in the second quarter found its way into inventory investment. Although the strength was dominated by a heavy investment in all the major industrial groups, the most important expansionary stimulus to inventories in the second quarter came from trade. The following table shows the value of physical change in non-farm business inventories in the first and the second quarters of 1966.

Changes in Non-farm Business Inventories
(Seasonally adjusted at annual rates)

	1 Q 1966	2 Q 1966
	(millions of dollars)	
Manufacturing	432	388
Durable	436	332
Non-durable	- 4	56
Wholesale	-88	384
Retail	240	404
"Other" industries	76	44
Grand Total	660	1,220

Manufacturers continued to accumulate inventories in the second quarter but at a lower rate than in the previous quarter. The accumulation in durables, almost six times more than that in non-durables, was concentrated mostly in the transportation and electrical goods-producing industries. In the stocks of non-durable goods, offsetting movements resulted in a very low investment; sizeable liquidations in the stocks of tobacco, clothing and knitting mills were barely offset by accumulations in food, rubber, textiles, paper and chemicals-producing industries.

Accumulation was evident at all levels of production, most noticeably in the finished goods stage of fabrication. The stock-to-ships ratio for manufacturing as a whole was higher when compared with the ratio of the previous quarter, but slightly lower than the average ratio of the current economic expansion.

The heaviest rate of accumulation occurred in the hands of wholesale traders, where the first quarter trend of liquidation reversed to a substantial accumulation. Stocks of durable goods, particularly in commercial, institutional and service equipment and supplies, industrial and transportation equipment and supplies, hardware and construction showed substantial gains. Inventory movements of non-durable goods exerted a moderating influence on the pace of accumulation of total wholesalers' stocks. The stock-to-sales ratio for the industry as a whole was above the average ratio of the current economic expansion.

The strongest influence in the total accumulation was provided by the investment in retail channels. Increases were recorded both in durable and non-durable trades. Stock accumulation in retail trade followed the first quarter pattern of accumulation with a larger build-up particularly in durable goods. Increased holdings of automobiles accounted for about one-third of the total accumulation in retail trade. The stock-to-sales ratio for retail as a whole was much higher than the average ratio of the current expansion.

Government Sector

Seasonally adjusted at annual rates, total revenues of all governments combined, excluding intergovernmental transfers, increased by $2\frac{1}{2}$ per cent in the second quarter to a rate of \$18,340 million. Total expenditures rose by $3\frac{1}{2}$ per cent, to a rate of \$17,784 million, resulting in a decline in the surplus (on a National Accounts basis) from a first quarter rate of \$696 million to a rate of \$556 million.

All components of government expenditure increased during the quarter, with the largest absolute increase occurring in expenditures on goods and services. This increase was concentrated at the provincial - municipal level, caused mainly by higher capital spending. Federal outlays on goods and services increased marginally as the decline in defence outlays from the high level of the first quarter almost offset increased non-defence outlays.

About half of the increase in government revenue was the result of higher employer and employee contributions to the Canada and Quebec Pension Plans. (As mentioned later, only two months' data are recorded for the first quarter). Revenue from direct taxes remained virtually level as an increase in returns from corporation direct taxes was almost offset by a decline in personal direct tax revenues. The decline occurred entirely at the federal level and was caused in part by some shift in tax refunds from the first quarter to the second quarter. Indirect tax revenues increased by 1 per cent during the quarter. Most of the increase was at the provincial-municipal level and was associated with increased sales tax rates in Ontario and extended tax bases in both Ontario and Saskatchewan.

Income Components

Seasonally adjusted wages, salaries, and supplementary labour income advanced 1.9 per cent in the second quarter^{1/} with total wages and salaries recording an identical increase. This was the smallest quarter-to-quarter change since the fourth quarter of 1964.

^{1/} Estimates of labour income are usually the summation of monthly figures for the respective quarter. However, because of implementation of the new standard industrial classification, together with methodological changes affecting the monthly indicators, it was necessary to make the estimates (for the quarter) on the basis of figures for the first two months of the quarter.

The goods-producing industries rose 1.8 per cent and this rate of advance was well below the 5 per cent (fourth quarter of 1965) and 4 per cent (first quarter of 1966) gains occurring in the previous two quarters. Wages and salaries in the second quarter advanced by almost $2\frac{1}{2}$ per cent for the primary group and construction was up slightly more than 2 per cent. Manufacturing wages and salaries increased $1\frac{1}{2}$ per cent. Data for manufacturing indicate that unit labour costs have been increasing since the latter part of 1965.

The service-producing industries recorded a gain of 2 per cent in the second quarter. Seasonally-adjusted wages and salaries were up $2\frac{1}{2}$ per cent for the finance, insurance and real estate and non-government service industries. Government salaries and wages advanced by about 2 per cent. Wages and salaries in trade recorded a gain of just over $1\frac{1}{2}$ per cent and this was the smallest increase in this industry since the fourth quarter of 1962. Transportation, communication and other utilities increased by about 1 per cent in the second quarter.

Corporation profits (before taxes and before dividends paid to non-residents) declined about 1 per cent from the previous quarter. The decline was noted among most manufacturing industries contributing: the exceptions were paper, non-metallic minerals and petroleum and coal. Profits for manufacturing in total showed a 4 per cent decrease and trade also declined noticeably. These movements were tempered by increases in some other industries. Transportation, storage and communication showed one of the larger increases, a rise of 20 per cent, reflecting subsidies paid to railways under freight rate legislation, and the profits of mines, quarries and oil wells increased by about 5 per cent.

Larger capital consumption allowances taken in some industries contributed to the decline in profits. In total, corporate capital consumption allowances increased by \$148 million, seasonally adjusted at annual rates.

Rent, interest and miscellaneous investment income increased by almost 3 per cent over the first quarter. Trading profits of federal enterprises were up by \$80 million at annual rates, partly on account of higher interim subsidies to the railways.

During the second quarter accrued net income of farm operators, seasonally adjusted at annual rates, remained virtually unchanged from the first quarter rate. Rising grain exports increased the profits of the Canadian Wheat Board leading to a higher increase from grain production. This gain was, however, more or less offset by the decline in income from other farm products, particularly tobacco, while income from livestock production remained virtually unchanged.

Net income of non-farm unincorporated business declined by 3 per cent in the second quarter. Net income from retail trade declined sharply, but this was partly offset by small increases in most of the other industries.

Personal Sector

Personal income declined slightly from the first to the second quarter, a reflection of several irregular factors in the two quarters. Net income received by farm operators from farm production fell sharply from the high level of the first quarter when large payments were made to the farmers by the Canadian Wheat Board. Military pay and allowances also fell sharply from an irregularly high first quarter rate. Employer and employee contributions to social insurance and government pension funds, a deduction from personal income, rose by over \$200 million in the quarter due to higher contributions to the Canada and Quebec Pension Plans. Estimates of contributions to the two plans are based on collections rather than amounts accruing with the result that the first quarter estimates included two months data whereas the second quarter includes three months data.

With total personal income declining and personal spending increasing fractionally, the quarterly rate of saving fell by \$220 million.

Production by Industry

Seasonally adjusted Real Domestic Product less Agriculture for the second quarter of 1966 was 0.8 per cent higher than in the first quarter and 2.8 per cent above the fourth quarter 1965.

Transportation was the largest contributor to the second quarter increase in total non-agricultural real output, followed by mining and forestry. Jointly these three industry divisions accounted for over two-thirds of the second quarter increase in non-agricultural real output. Trade was the only industry division to show a decline from the first quarter level.

Almost three-quarters of the 3.5 per cent gain in transportation came from strong increases in air, pipeline and truck transport, which showed increases ranging from $6\frac{1}{2}$ to 7 per cent.

The next largest contribution to the second quarter increase in non-agricultural real output came from the 2.7 per cent advance in mining, which accounted for about one-fifth of the increase. Within mining, the 9.4 per cent gain in fuel mining, originating mostly with crude petroleum mining, accounted for all the gain. The 8.6 per cent increase in the output of the forestry industry accounted for almost another one-fifth of the 0.8 per cent gain in non-agricultural real output, largely as a result of substantial increases in pulpwood production.

Manufacturing, which is usually the largest contributor to changes in non-agricultural real output, showed only a fractional gain in the second quarter, thus accounting for only about 14 per cent of the total gain. Within manufacturing, a 0.9 per cent increase in non-durable manufacturing was considerably dampened by a 0.3 per cent decline in durables, which originated largely with 1.4 and 3.7 per cent decreases in the iron and steel products and transportation equipment groups.

Most of the remaining industry groups showed increases in the second quarter. Gains of about 2 per cent were recorded by construction and electric power and gas utilities. Public administration and defence and finance, insurance, and real estate showed increases in excess of 1 per cent while personal and business and community services showed fractional gains. Trade was the only industry group to show a decline in the second quarter, with most of the decrease coming from a 4.1 per cent decline in retail trade, while wholesale trade declined fractionally.

TABLES UNADJUSTED FOR SEASONAL VARIATION

TABLE 1. National Income and Gross National Product, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income ..	6,026	6,431	6,741	6,835	26,033	6,840	7,246	
2. Military pay and allowances	145	153	149	140	587	168	145	
3. Corporation profits before taxes	1,055	1,409	1,330	1,405	5,199	1,124	1,449	
4. Deduct: Dividends paid to non-residents(1)	- 178	- 155	- 161	- 257	- 751	- 186	- 159	
5. Rent, interest, and miscellaneous investment income	833	845	874	1,002	3,554	919	930	
6. Accrued net income of farm operators from farm production(2)	10	100	1,305	230	1,645	109	211	
7. Net income of non-farm unincorporated business(3)	581	720	712	864	2,877	619	713	
8. Inventory valuation adjustment(4)	- 41	- 117	- 55	- 112	- 325	- 118	- 94	
9. NET NATIONAL INCOME AT FACTOR COST	8,431	9,386	10,895	10,107	38,819	9,475	10,441	
10. Indirect taxes less subsidies	1,693	1,780	1,841	1,858	7,172	1,892	1,932	
11. Capital consumption allowances and miscellaneous valuation adjustments	1,432	1,546	1,516	1,616	6,110	1,554	1,691	
12. Residual error of estimate	- 133	- 60	33	55	- 105	- 146	- 17	
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	11,423	12,652	14,285	13,636	51,996	12,775	14,047	
14. (Gross national product at market prices excluding accrued net income of farm operators)	(11,413)	(12,552)	(12,980)	(13,406)	(50,351)	(12,666)	(13,836)	

(1) Includes the withholding tax applicable to this item.

(2) Includes change in farm inventories as shown in line 11, Table 4. An adjustment has been made to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board.

(3) Includes net income of independent professional practitioners.

(4) See footnote 4, Table 2.

TABLE 2. Gross National Expenditure, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	7,310	7,976	7,828	8,949	32,063	8,054	8,554	
2. Government expenditure on goods and services(1, 2)	2,091	2,427	2,606	2,472	9,596	2,426	2,689	
3. Business gross fixed capital formation(3)	2,078	2,578	2,792	2,976	10,424	2,521	3,070	
4. New residential construction	469	510	548	597	2,124	509	554	
5. New non-residential construction	685	893	1,195	1,182	3,955	884	1,140	
6. New machinery and equipment	924	1,175	1,049	1,197	4,345	1,128	1,376	
7. Value of physical change in inventories(4)	214	- 15	1,085	- 336	948	40	92	
8. Non-farm business inventories	492	96	164	153	905	390	248	
9. Farm inventories and grain in commercial channels	- 278	- 111	921	- 489	43	- 350	- 156	
10. Exports of goods and services	2,264	2,764	3,093	3,035	11,156	2,702	3,207	
11. Deduct: Imports of goods and services	- 2,667	- 3,138	- 3,086	- 3,406	- 12,297	- 3,114	- 3,583	
12. Residual error of estimate	133	60	- 33	- 54	106	146	18	
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	11,423	12,652	14,285	13,636	51,996	12,775	14,047	

(1) Includes outlays on new durable assets such as building and highway construction by governments, other than government business enterprises. Also includes net purchases of government commodity agencies.

(2) For details of defence expenditures see line 3, Table 6.

(3) Includes capital expenditures by private and government business enterprises, private non-commercial institutions, and outlays on new residential construction by individuals and business investors.

(4) The book value of inventories is deflated to remove the effect of price changes and the derived "physical" change is then valued at average prices of the current period to obtain the value of physical change. The difference between this value of physical change and the change in book value is called the inventory valuation adjustment. (See line 8, Table 1).

TABLE 3. Source of Personal Income, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income	6,026	6,431	6,741	6,835	26,033	6,840	7,246	
2. Deduct: Employer and employee contributions to social insurance and government pension funds	- 232	- 231	- 247	- 249	- 959	- 384	- 461	
3. Military pay and allowances	145	153	149	140	587	168	145	
4. Net income received by farm operators from farm production(1)	262	55	1,226	146	1,689	285	123	
5. Net income of non-farm unincorporated business	581	720	712	864	2,877	619	713	
6. Interest, dividends, and net rental income of persons(2)	998	1,015	1,019	1,097	4,129	1,077	1,103	
Transfer payments to persons:								
7. From government (excluding interest)	1,204	1,104	1,096	1,098	4,502	1,279	1,214	
8. Charitable contributions by corporations	11	11	11	11	44	11	11	
9. PERSONAL INCOME	8,995	9,258	10,707	9,942	38,902	9,895	10,094	

(1) This item differs from line 6, Table 1, by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.

(2) Includes all government debt interest paid to persons.

TABLE 4. Disposition of Personal Income, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Personal direct taxes	911	1,044	958	999	3,912	1,030	1,109	
2. Income taxes	746	914	830	865	3,355	852	969	
3. Succession duties and estate taxes	42	49	60	58	209	58	53	
4. Miscellaneous	123	81	68	76	348	120	87	
5. Personal expenditure on consumer goods and services ..	7,310	7,976	7,828	8,949	32,063	8,054	8,554	
6. Non-durable goods	3,417	3,663	3,847	4,507	15,434	3,749	4,023	
7. Durable goods	827	1,115	889	1,170	4,001	958	1,063	
8. Services(1)	3,066	3,198	3,092	3,272	12,628	3,347	3,468	
9. Personal net saving	774	238	1,921	- 6	2,927	811	431	
10. Personal saving excluding change in farm inventories	1,029	326	984	532	2,871	1,110	552	
11. Value of physical change in farm inventories	- 255	- 88	937	- 538	56	- 299	- 121	
12. PERSONAL INCOME	8,995	9,258	10,707	9,942	38,902	9,895	10,094	
13. (Personal disposable income)(2)	(8,084)	(8,214)	(9,749)	(8,943)	(34,990)	(8,865)	(8,985)	

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 5. Government Revenue, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Direct taxes - Persons	911	1,044	958	999	3,912	1,030	1,109	
2. Federal	621	757	661	676	2,715	661	746	
3. Provincial and municipal	290	287	297	323	1,197	369	363	
4. Direct taxes - Corporations	447	580	544	593	2,164	452	607	
5. Federal(1)	335	435	408	445	1,623	339	455	
6. (Federal tax collections)(1)	(359)	(566)	(396)	(394)	(1,715)	(399)	(528)	
7. Provincial	112	145	136	148	541	113	152	
8. (Provincial tax collections)	(145)	(140)	(151)	(116)	(552)	(143)	(151)	
Withholding taxes:								
9. Federal(2)	37	44	29	58	168	39	54	
10. Indirect taxes	1,745	1,836	1,924	1,977	7,482	1,957	2,027	
11. Federal	689	800	845	913	3,247	805	897	
12. Provincial and municipal	1,056	1,036	1,079	1,064	4,235	1,152	1,130	
13. Investment income	377	397	402	512	1,688	424	444	
14. Federal	123	153	145	197	618	135	171	
15. Provincial and municipal	254	244	257	315	1,070	289	273	
16. Employer and employee contributions to social insurance and government pension funds	232	231	247	249	959	384	461	
17. Federal	148	144	154	156	602	158	151	
18. Provincial and municipal	84	87	93	93	357	100	103	
19. Canada Pension Plan						95	150	
20. Quebec Pension Plan						31	57	
Transfers from Federal:								
21. Provincial and municipal	386	367	313	361	1,427	396	419	
22. TOTAL REVENUE	4,135	4,499	4,417	4,749	17,800	4,682	5,121	
23. FEDERAL	1,953	2,333	2,242	2,445	8,973	2,137	2,474	
24. PROVINCIAL AND MUNICIPAL	2,182	2,166	2,175	2,304	8,827	2,419	2,440	
25. CANADA PENSION PLAN						95	150	
26. QUEBEC PENSION PLAN						31	57	

(1) Excludes refundable tax on corporate cash profits. The amount collected in the second quarter, 1966 was \$19 million.
(2) Beginning in 1962, the withholding tax series has been adjusted to conform more closely with the flow of interest and dividends to non-residents.

TABLE 6. Government Expenditure, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Goods and services	2,091	2,427	2,606	2,472	9,596	2,426	2,689	
2. Federal	823	761	866	817	3,267	941	876	
3. (Defence)	(460)	(352)	(380)	(370)	(1,562)	(480)	(354)	
4. Provincial and municipal	1,268	1,666	1,740	1,655	6,329	1,485	1,813	
5. Transfer payments to persons (excluding interest on the public debt)	1,204	1,104	1,096	1,098	4,502	1,279	1,214	
6. Federal	657	594	534	531	2,316	676	623	
7. Provincial and municipal	547	510	562	567	2,186	603	591	
8. Interest on the public debt	375	436	389	435	1,635	403	470	
9. Federal	253	271	262	266	1,052	278	294	
10. Provincial and municipal	122	165	127	169	583	125	176	
11. Subsidies	52	56	83	119	310	65	95	
12. Federal	44	50	56	109	259	56	85	
13. Provincial	8	6	27	10	51	9	10	
Capital Assistance:(1)								
14. Federal	20	21	21	22	84	8	21	
Transfers to other levels of government:								
15. Federal	386	367	313	361	1,427	396	419	
16. Total expenditure	4,128	4,411	4,508	4,507	17,554	4,577	4,908	
17. Federal	2,183	2,064	2,052	2,106	8,405	2,355	2,318	
18. Provincial and municipal	1,945	2,347	2,456	2,401	9,149	2,222	2,590	
19. Deficit (-) or Surplus (+)	7	88	- 91	242	246	105	213	
20. Federal	- 230	269	190	339	568	- 218	156	
21. Provincial and municipal	237	- 181	- 281	- 97	- 322	197	- 150	
22. Canada Pension Plan	-	-	-	-	-	95	150	
23. Quebec Pension Plan	-	-	-	-	-	31	57	
24. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	4,135	4,499	4,417	4,749	17,800	4,682	5,121	
25. FEDERAL	1,953	2,333	2,242	2,445	8,973	2,137	2,474	
26. PROVINCIAL AND MUNICIPAL	2,182	2,166	2,175	2,304	8,827	2,419	2,440	
27. CANADA PENSION PLAN						95	150	
28. QUEBEC PENSION PLAN						31	57	

(1) From 1961 on, this item is treated as government current expenditure; prior to 1961, it was treated as capital transfer.

TABLE 7. Source of National Saving, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Personal net saving	774	238	1,921	- 6	2,927	811	431	
2. Business gross saving	1,415	2,100	2,043	2,036	7,594	1,643	2,271	
3. Undistributed corporation profits	215	488	427	314	1,444	257	471	
4. Capital consumption allowances and miscellaneous valuation adjustments	1,432	1,546	1,516	1,616	6,110	1,554	1,691	
5. Adjustment on grain transactions(1)	- 252	45	79	84	- 44	- 176	88	
6. Capital assistance	20	21	21	22	84	8	21	
7. Inventory valuation adjustment	- 41	- 117	- 55	- 112	- 325	- 118	- 94	
8. Government surplus (+) or deficit (-)	7	88	- 91	242	246	105	213	
9. Residual error of estimate	- 133	- 60	33	55	- 105	- 146	- 17	
10. Totals	2,022	2,249	3,851	2,215	10,337	2,295	2,804	

(1) This item is an adjustment to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board. See also footnote 1, Table 3.

TABLE 8. Disposition of National Saving, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Business gross fixed capital formation	2,078	2,578	2,792	2,976	10,424	2,521	3,070	
2. New residential construction	469	510	548	597	2,124	509	554	
3. New non-residential construction	685	893	1,195	1,182	3,955	884	1,140	
4. New machinery and equipment	924	1,175	1,049	1,197	4,345	1,128	1,376	
5. Value of physical change in inventories	214	- 15	1,085	- 336	948	40	92	
6. Surplus (+) or deficit (-) on current account with non-residents	- 403	- 374	7	- 371	- 1,141	- 412	- 376	
7. Residual error of estimate	133	60	- 33	- 54	106	146	18	
8. Totals	2,022	2,249	3,851	2,215	10,337	2,295	2,804	

TABLE 9. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1965 and 1966(1)
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. GROSS NATIONAL PRODUCT AT MARKET PRICES ..	11,423	12,652	14,285	13,636	51,996	12,775	14,047	
2. Deduct: Residual error of estimate	133	60	- 33	- 55	105	146	17	
3. Indirect taxes less subsidies ..	- 1,693	- 1,780	- 1,841	- 1,858	- 7,172	- 1,892	- 1,932	
4. Income received from non-residents	- 65	- 78	- 65	- 107	- 315	- 67	- 69	
5. Add: Income paid to non-residents ...	236	247	224	341	1,048	258	261	
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	10,034	11,101	12,570	11,957	45,662	11,220	12,324	

(1) Annual data for earlier years are available in "National Accounts, Income and Expenditure, 1965", and previous years; (Catalogue No. 13-201); quarterly data are available on request.

TABLE 10. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1965 and 1966(1)
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	6,564	7,111	6,896	7,891	28,462	7,019	7,367	
2. Non-durable goods	3,146	3,314	3,436	4,017	13,913	3,309	3,492	
3. Durable goods	827	1,116	892	1,170	4,005	971	1,065	
4. Services	2,591	2,681	2,568	2,704	10,544	2,739	2,810	
5. Government expenditure on goods and services	1,595	1,929	2,150	1,893	7,567	1,739	2,026	
6. Business gross fixed capital formation ..	1,680	2,070	2,235	2,362	8,347	1,979	2,389	
7. New residential construction	370	396	423	455	1,644	383	411	
8. New non-residential construction	553	710	951	925	3,139	678	863	
9. New machinery and equipment	757	964	861	982	3,564	918	1,115	
10. Change in inventories	253	- 36	976	- 255	938	103	47	
11. Non-farm business inventories	481	109	115	169	874	380	247	
12. Farm inventories and grain in commercial channels	- 228	- 145	861	- 424	64	- 277	- 200	
13. Exports of goods and services	2,062	2,495	2,759	2,707	10,023	2,391	2,808	
14. Deduct: Imports of goods and services ...	- 2,335	- 2,750	- 2,683	- 2,982	- 10,750	- 2,680	- 3,057	
15. Residual error of estimate	115	52	- 28	- 46	93	121	15	
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	9,934	10,871	12,305	11,570	44,680	10,672	11,595	

(1) The implicit price deflators of the seasonally unadjusted components of Gross National Expenditure, derived by dividing the value figures in Table 2 by the constant dollar figures in Table 10, are not suitable as indicators of quarter-to-quarter price change. This is because they are currently weighted and therefore are affected by compositional shifts which occur within the unadjusted components of Gross National Expenditure, on a quarter-to-quarter basis. Quarter-to-quarter comparisons based on seasonally adjusted data are less subject to the problem of shifting weights and may be used as a measure of price change.

TABLES ADJUSTED FOR SEASONAL VARIATION AND AT ANNUAL RATES

TABLE 11. National Income and Gross National Product, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income	25,008	25,600	26,344	27,180	26,033	28,328	28,864	
2. Military pay and allowances	596	592	600	560	587	680	560	
3. Corporation profits before taxes	5,040	5,112	5,344	5,300	5,199	5,368	5,320	
4. Deduct: Dividends paid to non-residents(1)	- 700	- 788	- 772	- 744	- 751	- 756	- 792	
5. Rent, interest, and miscellaneous investment income	3,384	3,516	3,516	3,800	3,554	3,752	3,860	
6. Accrued net income of farm operators from farm production(2)	1,564	1,496	1,780	1,740	1,645	2,172	2,180	
7. Net income of non-farm unincorporated business(3)	2,736	2,872	2,980	2,920	2,877	2,940	2,856	
8. Inventory valuation adjustment	- 188	- 308	- 340	- 464	- 325	- 488	- 296	
9. NET NATIONAL INCOME AT FACTOR COST	37,440	38,092	39,452	40,292	38,819	41,996	42,552	
10. Indirect taxes less subsidies	6,924	7,128	7,320	7,316	7,172	7,760	7,768	
11. Capital consumption allowances and miscellaneous valuation adjustments	5,944	6,092	6,128	6,276	6,110	6,428	6,648	
12. Residual error of estimate	- 112	12	- 196	- 124	- 105	- 72	40	
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	50,196	51,324	52,704	53,760	51,996	56,112	57,008	
14. (Gross national product at market prices excluding accrued net income of farm operators)	(48,632)	(49,828)	(50,924)	(52,020)	(50,351)	(53,940)	(54,828)	

(1) See footnote 1, Table 1.

(2) Includes an arbitrary smoothing of crop production and standard seasonal adjustments for withdrawals of grain from farm stocks and the change in livestock items. Because of the arbitrary elements, too precise an interpretation should not be given the seasonally adjusted figures of accrued net income of farm operators.

(3) Includes net income of independent professional practitioners.

TABLE 12. Gross National Expenditure, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(million of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	30,748	31,644	32,520	33,340	32,063	33,924	34,092	
2. Government expenditure on goods and services(1, 2)	9,248	9,540	9,660	9,936	9,596	10,448	10,696	
3. Business gross fixed capital formation(3)	9,760	10,004	10,672	11,260	10,424	11,640	11,904	
4. New residential construction	2,044	2,192	2,132	2,128	2,124	2,200	2,280	
5. New non-residential construction	3,796	3,720	4,036	4,268	3,955	4,512	4,720	
6. New machinery and equipment	3,920	4,092	4,504	4,864	4,345	4,928	4,904	
7. Value of physical change in inventories	1,288	1,168	728	608	948	756	1,388	
8. Non-farm business inventories	1,108	980	836	696	905	660	1,220	
9. Farm inventories and grain in commercial channels(4)	180	188	- 108	- 88	43	96	168	
10. Exports of goods and services	10,624	10,972	11,316	11,712	11,156	12,680	12,532	
11. Deduct: Imports of goods and services	- 11,588	- 11,992	- 12,392	- 13,216	- 12,297	- 13,412	- 13,564	
12. Residual error of estimate	116	- 12	200	120	106	76	- 40	
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	50,196	51,324	52,704	53,760	51,996	56,112	57,008	
Detail of Farm Inventories and GICC:								
Value of grain crop production	1,300	1,300	1,300	1,304	1,301	1,500	1,500	
Depletions of farm stocks of grain	- 1,188	- 1,168	- 1,116	- 1,340	- 1,203	- 1,208	- 1,360	
Change in livestock inventories	- 4	- 40	- 28	- 96	- 42	- 156	- 16	
Grain in commercial channels	72	96	- 264	44	- 13	- 40	44	

(1) See footnote 1, Table 2.

(2) For details of defence expenditures, see line 3, Table 16.

(3) See footnote 3, Table 2.

(4) In the seasonally adjusted series, the value of grain production in each quarter is taken as one-fourth of the estimated value of crop production for the year as a whole (see footnote 2, Table 11). All other items in the farm inventories series are seasonally adjusted by standard techniques.

TABLE 13. Source of Personal Income, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income	25,008	25,600	26,344	27,180	26,033	28,328	28,864	
2. Deduct: Employer and employee contributions to social insurance and government pension funds	- 920	- 948	- 980	- 988	- 959	- 1,516	- 1,740	
3. Military pay and allowances	596	592	600	560	587	680	560	
4. Net income received by farm operators from farm production(1)	2,080	1,244	1,720	1,712	1,689	2,308	1,852	
5. Net income of non-farm unincorporated business	2,736	2,872	2,980	2,920	2,877	2,940	2,856	
6. Interest, dividends, and net rental income of persons(2)	4,048	4,044	4,164	4,260	4,129	4,368	4,400	
Transfer payments to persons:								
7. From government (excluding interest)	4,404	4,424	4,604	4,576	4,502	4,736	4,888	
8. Charitable contributions by corporations	44	44	44	44	44	44	44	
9. PERSONAL INCOME	37,996	37,872	39,476	40,264	38,902	41,888	41,724	

(1) This item differs from line 6, Table 11, by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.

(2) Includes all government debt interest paid to persons.

TABLE 14. Disposition of Personal Income, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Personal direct taxes	3,800	3,852	3,932	4,064	3,912	4,280	4,168	
2. Income taxes	3,284	3,308	3,352	3,476	3,355	3,704	3,576	
3. Succession duties and estate taxes	168	196	240	232	209	232	212	
4. Miscellaneous	348	348	340	356	348	344	380	
5. Personal expenditure on consumer goods and services	30,748	31,644	32,520	33,340	32,063	33,924	34,092	
6. Non-durable goods	14,784	15,260	15,584	16,108	15,434	16,316	16,752	
7. Durable goods	3,708	3,892	4,224	4,180	4,001	4,272	3,804	
8. Services(1)	12,256	12,492	12,712	13,052	12,628	13,336	13,536	
9. Personal net saving	3,448	2,376	3,024	2,860	2,927	3,684	3,464	
10. PERSONAL INCOME	37,996	37,872	39,476	40,264	38,902	41,888	41,724	
11. (Personal disposable income)(2)	(34,196)	(34,020)	(35,544)	(36,200)	(34,990)	(37,608)	(37,556)	

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 15. Government Revenue, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Direct taxes - Persons	3,800	3,852	3,932	4,064	3,912	4,280	4,168	
2. Federal	2,720	2,760	2,660	2,720	2,715	2,864	2,720	
3. Provincial and municipal	1,080	1,092	1,272	1,344	1,197	1,416	1,448	
4. Direct taxes - Corporations	2,060	2,136	2,192	2,268	2,164	2,108	2,240	
5. Federal(1)	1,544	1,600	1,636	1,712	1,623	1,576	1,676	
6. (Federal tax collections)(1)	(1,576)	(1,896)	(1,628)	(1,760)	(1,715)	(1,752)	(1,760)	
7. Provincial	516	536	556	556	541	532	564	
8. (Provincial tax collections)	(544)	(584)	(544)	(536)	(552)	(552)	(620)	
Withholding taxes:								
9. Federal(2)	160	172	164	176	168	168	200	
10. Indirect taxes	7,164	7,372	7,592	7,800	7,482	8,048	8,132	
11. Federal	3,040	3,172	3,332	3,444	3,247	3,524	3,548	
12. Provincial and municipal(3)	4,124	4,200	4,260	4,356	4,235	4,524	4,584	
13. Investment income	1,592	1,660	1,644	1,856	1,688	1,780	1,860	
14. Federal	568	612	572	720	618	620	692	
15. Provincial and municipal	1,024	1,048	1,072	1,136	1,070	1,160	1,168	
16. Employer and employee contributions to social insurance and government pension funds	920	948	980	988	959	1,516	1,740	
17. Federal	584	600	608	616	602	624	632	
18. Provincial and municipal	336	348	372	372	357	400	412	
19. Canada Pension Plan(4)						372	504	
20. Quebec Pension Plan(4)						120	192	
Transfers from Federal:								
21. Provincial and municipal	1,496	1,444	1,316	1,452	1,427	1,528	1,640	
22. TOTAL REVENUE	17,192	17,584	17,820	18,604	17,800	19,428	19,980	
23. FEDERAL	8,616	8,916	8,972	9,388	8,973	9,376	9,468	
24. PROVINCIAL AND MUNICIPAL	8,576	8,668	8,848	9,216	8,827	9,560	9,816	
25. CANADA PENSION PLAN						372	504	
26. QUEBEC PENSION PLAN						120	192	

(1) "See footnote 1, Table 5."

(2) "See footnote 2, Table 5."

(3) The quarterly figures of real property taxes unadjusted and seasonally adjusted are obtained by dividing annual totals by four since real property taxes accrue uniformly throughout the taxation year. Because in recent years, changes in real property tax rates have been generally upward this treatment gives rise to fictitious seasonal between the fourth and first quarters in the seasonally adjusted indirect taxes series.

(4) Estimates of a normal quarterly pattern have been used to seasonally adjust the contributions to the Canada and Quebec Pension Plans. No precise interpretation can be placed on the quarterly movements of these series until a later date.

TABLE 16. Government Expenditure, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Goods and services	9,248	9,540	9,660	9,936	9,596	10,448	10,696	
2. Federal	3,204	3,132	3,312	3,420	3,267	3,628	3,656	
3. (Defence)	(1,620)	(1,512)	(1,584)	(1,532)	(1,562)	(1,640)	(1,540)	
4. Provincial and municipal	6,044	6,408	6,348	6,516	6,329	6,820	7,040	
5. Transfer payments to persons (excluding interest on the public debt)	4,404	4,424	4,604	4,576	4,502	4,736	4,888	
6. Federal	2,292	2,348	2,360	2,264	2,316	2,400	2,448	
7. Provincial and municipal	2,112	2,076	2,244	2,312	2,186	2,336	2,440	
8. Interest on the public debt	1,608	1,624	1,640	1,668	1,635	1,700	1,752	
9. Federal	1,052	1,036	1,040	1,080	1,052	1,124	1,128	
10. Provincial and municipal	556	588	600	588	583	576	624	
11. Subsidies	240	244	272	484	310	288	364	
12. Federal	192	192	220	432	259	252	324	
13. Provincial	48	52	52	52	51	36	40	
Capital Assistance:(1)								
14. Federal	80	84	84	88	84	32	84	
Transfers to other levels of government:								
15. Federal	1,496	1,444	1,316	1,452	1,427	1,528	1,640	
16. Total expenditure	17,076	17,360	17,576	18,204	17,554	18,732	19,424	
17. Federal	8,316	8,236	8,332	8,736	8,405	8,964	9,280	
18. Provincial and municipal	8,760	9,124	9,244	9,468	9,149	9,768	10,144	
19. Deficit (-) or surplus (+)	+ 116	+ 224	+ 244	+ 400	+ 246	+ 696	+ 556	
20. Federal	+ 300	+ 680	+ 640	+ 652	+ 568	+ 412	+ 188	
21. Provincial and municipal	- 184	- 456	- 396	- 252	- 322	- 208	- 328	
22. Canada Pension Plan						372	504	
23. Quebec Pension Plan						120	192	
24. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	17,192	17,584	17,820	18,604	17,800	19,428	19,980	
25. FEDERAL	8,616	8,916	8,972	9,388	8,973	9,376	9,468	
26. PROVINCIAL AND MUNICIPAL	8,576	8,668	8,848	9,216	8,827	9,560	9,816	
27. CANADA PENSION PLAN						372	504	
28. QUEBEC PENSION PLAN						120	192	

(1) See footnote 1, Table 6.

TABLE 17. Source of National Saving, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Personal net saving	3,448	2,376	3,024	2,860	2,927	3,684	3,464	
2. Business gross saving	6,936	7,836	7,792	7,812	7,594	7,920	8,456	
3. Undistributed corporation profits	1,428	1,408	1,520	1,420	1,444	1,596	1,396	
4. Capital consumption allowances and miscellaneous valuation adjustments	5,944	6,092	6,128	6,276	6,110	6,428	6,648	
5. Adjustment on grain transactions(1)	- 516	252	60	28	- 44	- 136	328	
6. Capital assistance	80	84	84	88	84	32	84	
7. Inventory valuation adjustment	- 188	- 308	- 340	- 464	- 325	- 488	- 296	
8. Government surplus (+) or deficit (-)	116	224	244	400	246	696	556	
9. Residual error of estimate	- 112	12	- 196	- 124	- 105	- 72	40	
10. Totals	10,200	10,140	10,524	10,484	10,337	11,740	12,220	

(1) This item is an adjustment to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board. See also footnote 1, Table 3.

TABLE 18. Disposition of National Saving, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Business gross fixed capital formation	9,760	10,004	10,672	11,260	10,424	11,640	11,904	
2. New residential construction	2,044	2,192	2,132	2,128	2,124	2,200	2,280	
3. New non-residential construction	3,796	3,720	4,036	4,268	3,955	4,512	4,720	
4. New machinery and equipment	3,920	4,092	4,504	4,864	4,345	4,928	4,904	
5. Value of physical change in inventories	1,288	1,168	728	608	948	756	1,388	
6. Surplus (+) or deficit (-) on current account with non-residents	- 964	- 1,020	- 1,076	- 1,504	- 1,141	- 732	- 1,032	
7. Residual error of estimate	116	- 12	200	120	106	76	- 40	
8. Totals	10,200	10,140	10,524	10,484	10,337	11,740	12,220	

TABLE 19. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1965 and 1966(1)
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. GROSS NATIONAL PRODUCT AT MARKET PRICES ..	50,196	51,324	52,704	53,760	51,996	56,112	57,008	
2. Deduct: Residual error of estimate	112	- 12	196	124	105	72	- 40	
3. Indirect taxes less subsidies ..	- 6,924	- 7,128	- 7,320	- 7,316	- 7,172	- 7,760	- 7,768	
4. Income received from non-residents	- 312	- 328	- 336	- 284	- 315	- 308	- 312	
5. Add: Income paid to non-residents ...	976	1,084	1,064	1,068	1,048	1,096	1,124	
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	44,048	44,940	46,308	47,352	45,662	49,212	50,012	

(1) See footnote 1, Table 9.

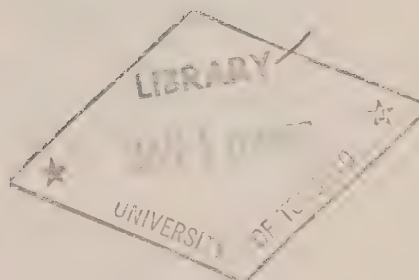
TABLE 20. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1965 and 1966(1)
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	27,564	28,144	28,808	29,332	28,462	29,508	29,304	
2. Non-durable goods	13,512	13,780	14,000	14,360	13,913	14,296	14,524	
3. Durable goods	3,704	3,888	4,236	4,192	4,005	4,308	3,800	
4. Services	10,348	10,476	10,572	10,780	10,544	10,904	10,980	
5. Government expenditure on goods and services	7,396	7,580	7,620	7,672	7,567	7,836	8,056	
6. Business gross fixed capital formation ..	7,900	8,024	8,548	8,916	8,347	9,140	9,252	
7. New residential construction	1,608	1,700	1,648	1,620	1,644	1,652	1,692	
8. New non-residential construction	3,080	2,960	3,196	3,320	3,139	3,480	3,580	
9. New machinery and equipment	3,212	3,364	3,704	3,976	3,564	4,008	3,980	
10. Change in inventories	1,252	1,156	720	624	938	808	1,328	
11. Non-farm business inventories	1,080	944	804	668	874	656	1,112	
12. Farm inventories and grain in commercial channels	172	212	- 84	- 44	64	152	216	
13. Exports of goods and services	9,644	9,908	10,112	10,428	10,023	11,192	10,984	
14. Deduct: Imports of goods and services ...	- 10,156	- 10,540	- 10,828	- 11,476	- 10,750	- 11,572	- 11,604	
15. Residual error of estimate	104	- 12	176	104	93	64	- 32	
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	43,704	44,260	45,156	45,600	44,680	46,976	47,288	

(1) See footnote 1, Table 10.



NATIONAL ACCOUNTS
INCOME AND EXPENDITURE
THIRD QUARTER 1966



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"National Accounts, Income and Expenditure, by Quarters, 1947-61", for the years 1947-58.

"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1963", for the year 1959.

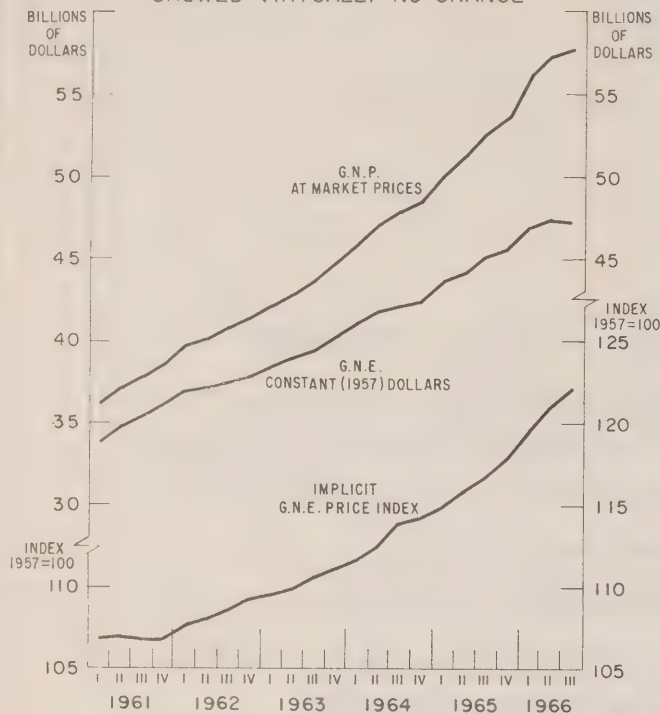
"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1964", for the year 1960.

"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1965", for the years 1961-64.

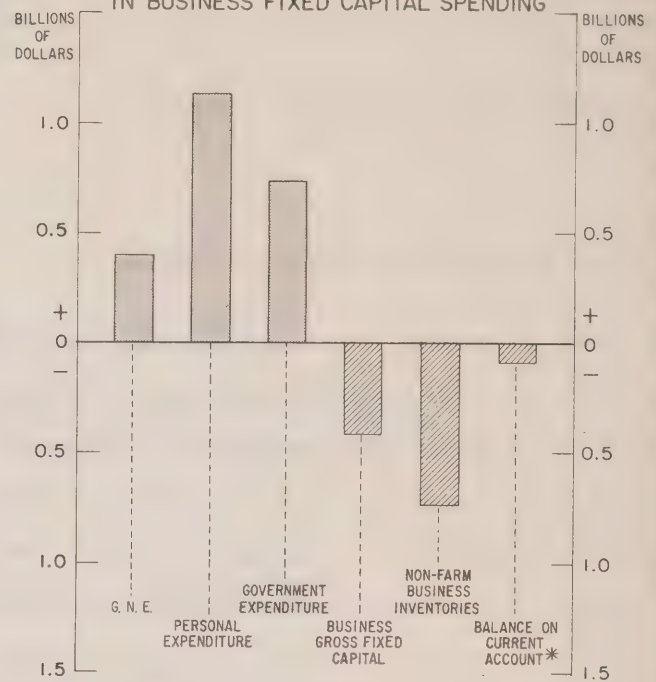
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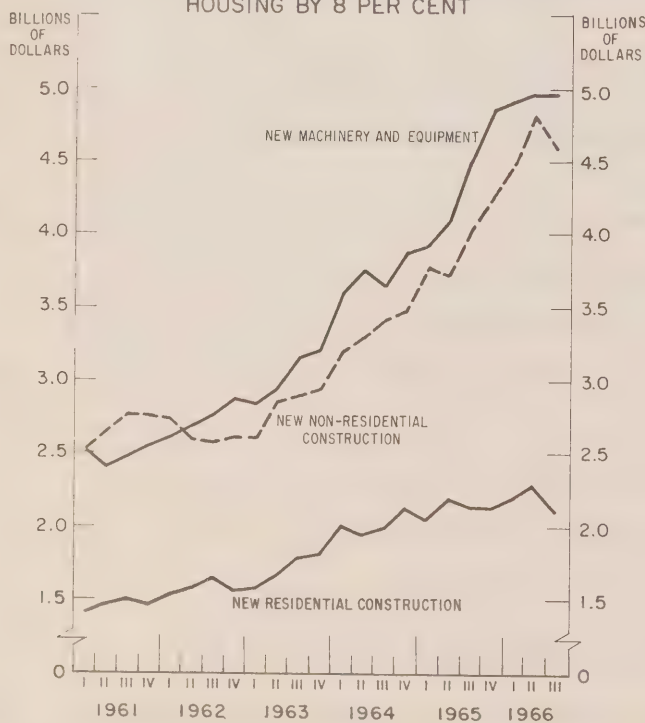
THE VALUE OF G.N.P. INCREASED BY 0.7 PER CENT IN THE THIRD QUARTER. IN REAL TERMS PRODUCTION SHOWED VIRTUALLY NO CHANGE



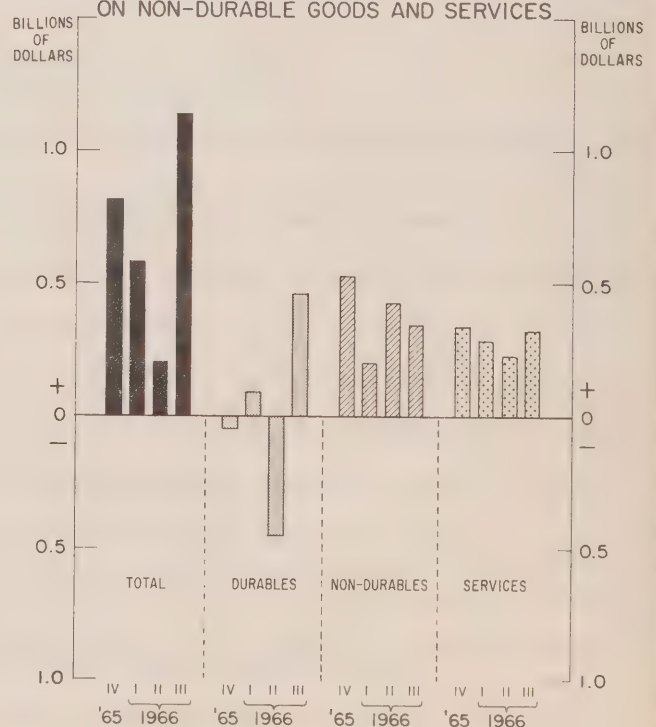
SHARP INCREASES IN CONSUMER AND GOVERNMENT SPENDING WERE LARGELY OFFSET BY A PRONOUNCED DECREASE IN THE AMOUNT OF ACCUMULATION IN BUSINESS INVENTORIES COUPLED WITH A DECLINE IN BUSINESS FIXED CAPITAL SPENDING



BUSINESS SPENDING ON MACHINERY SHOWED NO CHANGE, WHILE SPENDING ON PLANT DECLINED BY 5 PER CENT AND NEW HOUSING BY 8 PER CENT



PERSONAL EXPENDITURE ON GOODS AND SERVICES ROSE STRONGLY WITH A SHARP INCREASE IN DURABLE GOODS REINFORCED BY INCREASES IN SPENDING ON NON-DURABLE GOODS AND SERVICES



ALL DATA SEASONALLY ADJUSTED, AT ANNUAL RATES

* NATIONAL ACCOUNTS BASIS

INTRODUCTORY REVIEW, THIRD QUARTER 1966

Gross national product rose to a seasonally adjusted annual rate of \$57.7 billion in the third quarter of 1966, 3/4 of 1 per cent above the preceding period compared with a revised^{1/} change of 2 per cent from the first to second quarter. With prices increasing by 1 per cent in the third quarter, production in real terms was virtually unchanged.

With the data now available it is possible to suggest orders of magnitude for the year 1966 as a whole. If, for instance, there were no change other than the normal seasonal increase in the fourth quarter, the advance in gross national product from 1965 would be 10.1 per cent. Assuming, for example, a gain of 1 per cent in the fourth quarter, the advance would be 10.4 per cent.

Over-all demand was buoyant in the third quarter. The effect of sharp increases in personal and government spending, as well as in exports, was somewhat dampened by a decline in investment in plant and equipment and new housing. With the value of production increasing only fractionally, partly owing to industrial disputes, the greater part of the \$2.0 billion rise in final demand was met from an increase in imports and from a sharp reduction in the accumulation of business inventories.

The value of personal expenditures on goods and services rose by over 3 per cent, the largest increase in the current expansion in both value and real terms. Approximately one-third of this increase resulted from a 30 per cent gain in spending on new cars, a gain which followed a sharp decline in new automobile purchases in the second quarter. Most of this increase in demand was met by a running down of the large stocks in the hands of motor vehicle dealers. Demand for other goods and services also rose significantly, contributing some \$700 million to the over-all increase of \$1,140 million in consumer spending. About 55 per cent of the \$700 million gain was attributable to expenditures on goods other than motor vehicles, while 45 per cent resulted from increased spending on services, where price increases were more pronounced than in goods.

Government expenditure on goods and services rose by 7 per cent between the second and third quarters with similar increases occurring at all levels of government. At the federal level there was a marked increase in official contributions between the second and third quarters, a large part of which represented wheat shipments to India. This rise in official contributions was reflected in similar increases in the three series, government expenditure, exports and imports.

When this increase in foreign aid is removed from total exports and imports of goods and services, the increases were 2½ per cent and 3 per cent respectively. The deficit in the external account^{2/} widened by about \$100 million at annual rates, with an increase in the deficit on non-merchandise trade partly offset by a rise in the merchandise surplus.

Business investment in plant and equipment declined by 2½ per cent between the second and third quarters with virtually all of the decrease accounted for by a 5 per cent decline in the value of new non-residential construction. Outlays on new housing also were down significantly by about 8 per cent, following small increases in the preceding two quarters.

In contrast to a \$1.3 billion accumulation in business inventories in the second quarter of 1966, the business sector's stocks increased by \$0.6 billion in the third quarter. Retail and wholesale trades were mainly responsible for this decline in the rate of inventory investment and, as previously mentioned, retail motor vehicle dealers showed a sharp liquidation in stocks.

Turning to the components of income, net national income, increasing at approximately the same rate as gross national product, reflected certain interesting and partially offsetting movements among the components. Labour income, profits and other investment income all were adversely affected by third quarter strikes, notably that of the railways. Labour income increased by about 2 per cent, maintaining the same rate of change as in the second quarter, while profits, which had shown little change since the third quarter of 1965, declined by nearly 8 per cent, with the declines widespread among the various industries and particularly in the transportation industry. Other investment income declined by 2 per cent, and net income of both unincorporated business and accrued farm income advanced by nearly 6 per cent.

^{1/} As a result of the incorporation of the November estimate of the 1966 crop, seasonally adjusted Gross National Product for the first quarter has been revised upwards by \$64 million. This revision has also been included in the changes made to the second quarter.

^{2/} National Accounts basis.

Quarter to Quarter Changes in Final Purchases
(Seasonally Adjusted at Annual Rates)
(millions of dollars)

	4Q'62 to 1Q'63	1Q'63 to 2Q'63	2Q'63 to 3Q'63	3Q'63 to 4Q'63	4Q'63 to 1Q'64	1Q'64 to 2Q'64	2Q'64 to 3Q'64	3Q'64 to 4Q'64	4Q'64 to 1Q'65	1Q'65 to 2Q'65	2Q'65 to 3Q'65	3Q'65 to 4Q'65	4Q'65 to 1Q'66	1Q'66 to 2Q'66	2Q'66 to 3Q'66
1. Personal expenditure	316	488	488	548	736	296	688	400	364	896	876	820	584	208	1,140
2. Government expenditure	200	- 48	248	12	340	64	- 48	376	320	292	120	276	512	216	740
3. Residential construction	12	88	140	12	200	- 64	52	140	- 92	148	- 60	- 4	72	92	- 184
4. Non-residential construction ..	- 12	248	32	52	268	84	124	52	316	- 76	316	232	244	300	- 228
5. Machinery and equipment	- 28	92	224	48	380	160	- 116	248	28	172	412	360	64	52	- 4
6. Exports of goods and services	260	324	8	752	332	604	68	- 288	148	348	344	396	968	- 172	580
7. Total final purchases	748	1,192	1,140	1,424	2,256	1,144	768	928	1,084	1,780	2,008	2,080	2,444	696	2,044
8. (Final domestic demand)	488	868	1,132	672	1,924	540	700	1,216	936	1,432	1,664	1,684	1,476	868	1,464

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Quarter to Quarter Changes in Other Selected Items

9. "Shift" in non-farm business inventories	216	- 272	240	480	- 168	216	80	- 696	1,020	- 128	- 144	- 140	- 36	632	- 732
10. Imports of goods and services	168	284	488	372	608	-	76	244	448	404	400	824	196	100	668
11. G.N.P. (ex. farm)	684	628	804	1,096	1,508	888	1,044	636	1,472	1,196	1,096	1,096	1,920	1,108	280

Constant (1957) Dollars

Quarter to Quarter Percentage Changes in Selected Items

12. Final domestic demand	0.7	1.6	1.8	1.0	3.9	0.4	0.9	2.0	1.0	2.1	2.8	2.1	1.2	0.4	2.0
13. Total final purchases	1.1	1.9	1.5	2.1	3.7	1.4	0.7	1.2	1.1	2.2	2.7	2.3	2.4	- 0.1	2.1
14. Gross national expenditure	1.7	1.2	1.3	2.0	2.1	1.7	0.5	0.8	3.0	1.3	2.0	1.0	3.0	0.9	- 0.3

Price Movements

As previously mentioned, the price component of gross national product advanced by 1 per cent in the third quarter, a slightly reduced rate from the rates of the preceding two quarters.

All major components shared in the price rise. The price component of personal expenditure, however, showed only a moderate increase, in contrast to the preceding two quarters. This was partly because of a decline in the rate of increase in food prices, and partly because of smaller increases in non-food goods prices, the latter having been affected in the second quarter by an increase in the Ontario sales tax.

Prices of women's and children's clothing and footwear all increased by about 1 per cent, while prices of new automobiles declined by about one-half of 1 per cent, seasonality discounted.

Prices associated with services, many of which are generally thought of as labour intensive, increased by about 1 per cent, with changes in the components, i.e., user operated transportation, personal care and recreation increasing more than the average. The rent component increased by 0.8 per cent. From the fourth quarter of 1965, rents have increased by 1.6 per cent in contrast to the increase of 0.6 per cent between the fourth quarter of 1964 and the third quarter of 1965.

The price component of business gross fixed capital formation advanced by 0.7 per cent, with machinery prices increasing by 1 per cent and construction prices by 0.7 per cent.

Export prices rose by about $1\frac{1}{2}$ per cent, reflecting price increases for commodities such as wheat, copper and newsprint.

Implicit Price Indexes (Seasonally Adjusted) Percentage Change from Preceding Quarter

	I/66	II/66	III/66
Personal expenditure	1.2	1.2	0.5 ¹ / ₂
Non-durable goods	1.9	1.1	0.5 ¹ / ₂
Durable goods	-0.4	0.9	-0.3 ¹ / ₂
Total goods	1.4	1.3	0.4 ¹ / ₂
of which: food	3.0	1.4	0.7 ¹ / ₂
goods other than food	0.5	1.1	0.3 ¹ / ₂
Services, including net expenditure abroad	1.0	0.9	0.8 ¹ / ₂
Government expenditure	2.9	0.5	1.3
Business gross fixed capital formation	0.9	1.0	0.7
New residential construction	1.4	1.2	0.7
New non-residential construction	0.9	1.9	0.6
New machinery and equipment	0.6	0.1	1.0
Exports	0.9	0.8	1.6 ¹ / ₂
Imports	0.3	0.4	0.6 ¹ / ₂
Gross national expenditure	1.4	1.2	1.0
(Base-weighted price index of gross national expenditure)	(1.2)	(1.5)	(1.0)

1/ The implicit price indexes in some quarters may not provide reasonable measures of price change as a result of marked quarter to quarter changes in expenditure patterns. Such was the case in the third quarter of 1966. The quarter to quarter changes noted in the table for the third quarter of 1966 are based on price indexes in which the effect of changes in expenditure have been discounted. For example, in the third quarter the sharp increase in consumer spending on new cars affected the price movements as shown by the implicit price indexes.

The Components of Demand

Consumer Expenditure

After a slight advance in the second quarter, personal expenditure surged upwards with an increase of 3.3 per cent -- a record for the current expansion -- to reach a level of \$35.3 billion seasonally adjusted at annual rates. In real terms, the gain was somewhat less, although it was also a record.

Personal income advanced by 3 per cent but, with personal direct taxes increasing by over 10 per cent, mainly as a result of increased tax rates, personal disposable income rose by only 2 per cent. With personal spending increasing at a greater rate than disposable income, saving in the personal sector declined by about \$350 million.

In the preceding quarter, a decline of $10\frac{1}{2}$ per cent in durables offset an increase of $2\frac{1}{2}$ per cent in non-durables, leaving total goods fractionally below the first quarter level. In contrast to the second quarter, this time a record $12\frac{1}{2}$ per cent advance reinforced a 2 per cent increase in non-durables to raise spending on goods by 4 per cent. Expenditures on services increased by $2\frac{1}{2}$ per cent.

In the durables category, the dominant item was new cars, spending on which increased by some 29 per cent above the low second quarter level. This sharp advance was accompanied by declines in 1966 model car prices. Purchases and trade-ins of used cars also rose strongly. Both furniture and home furnishings sales showed increases of between $4\frac{1}{2}$ and 5 per cent, after declines of more than 6 per cent last quarter, while purchases of appliances and radios rose almost 8 per cent; the introduction of colour television may have been a factor here.

Within non-durables, soaps and cleaning supplies and household supplies increased by 8 and 9 per cent respectively. Expenditures on fuel and natural gas registered declines of 6 and 8 per cent. Other non-durable components showed moderate increases. Food purchases rose by 2 per cent, of which one-third was price increase. Sales of total clothing including footwear increased by 3 per cent, electricity by 2 per cent, and drugs and cosmetics by 1 per cent. Expenditure on tobacco and alcoholic beverages rose by 2 and 1 per cent respectively. Fractional declines were shown by gasoline, auto parts and accessories, and stationery and books.

Increases among service components were also moderate. The extra revenue of Canadian air carriers as a result of the strike against five major American domestic airlines in July and August contributed to a rise in purchased transportation of more than 6 per cent above the second quarter level. An increase of about 3 per cent was shown by the personal care series, while household operations rose some $2\frac{1}{2}$ per cent. Shelter, which accounts for about 40 per cent of all spending on services, rose by about 2 per cent, as did personal services, medical care and financial and miscellaneous services.

Business Gross Fixed Capital Formation

Business spending on fixed capital, including housing, was about $3\frac{1}{2}$ per cent lower than in the second quarter at an adjusted annual rate of \$11,668 million. The drop of \$416 million from a decline in construction, with outlays on residential construction down \$184 million, and outlays on non-residential construction down \$228 million. Spending on machinery and equipment was maintained at almost the second quarter rate.

The value of housing put in place dropped 8 per cent to an annual rate of \$2,108 million. Housing starts dropped from 134,500 to 128,800 at adjusted annual rates, while completions fell from 175,400 to 168,400.

Units under construction in urban areas at the beginning of the third quarter totalled 83,100, at an adjusted annual rate, compared with 106,600 at the start of the second quarter.

The annual rate of non-residential construction activity slowed from \$4,812 to \$4,584 million after allowance for seasonal factors. Although a breakdown of this figure is not available, indications are that the decline was noticeable in both building and engineering-type construction work.

The estimate of outlays on machinery and equipment showed virtually no change from the second quarter. A rise in demand for imported non-farm machinery and equipment together with larger outlays for commercial vehicles was offset by a drop in domestic demand for farm machinery and non-farm domestic machinery.

Non-Farm Business Inventories

The rate of investment in business inventories slackened appreciably in the third quarter of 1966 in contrast to the significant accumulation in the second quarter of 1966. Seasonally adjusted estimates show a stock increase of \$560 million at annual rates, compared with \$1,292 million in the previous quarter. The substantial drop in the rate of increase in the third quarter was spread among all the major industry groups except for non-durables within manufacturing. It was most notable in wholesale and retail trades. There was a significant liquidation in the stocks of motor vehicles at the retail level, reflecting strong sales.

Among all major industry groups, the strongest accumulation was in manufacturing, contributing about 70 per cent to the total build-up of business holdings in the present quarter. The following table shows the value of physical change in non-farm business inventories by industry for the first three quarters of 1966.

Change in Non-Farm Business Inventories
(Seasonally Adjusted, at Annual Rates)

	1Q	1966 2Q	3Q
	(millions of dollars)		
Manufacturing	432	460	388
Durables	436	336	180
Non-durables	-4	124	208
Wholesale trade	-88	372	36
Retail trade	240	392	116
Other industries	76	68	20
Grand total	660	1,292	560

Manufacturers' total stocks increased in the present quarter but at a lower rate when compared with the previous quarter. All the components of durables and non-durables showed stock accumulation, with the exception of the stocks of transportation, in durable goods, and the stocks of tobacco, in non-durable goods.

Increases in manufacturing stocks took place at all stages of production, the highest being in the stocks of goods-in-process. The stock-to-shipments ratio for manufacturing as a whole was higher when compared with the ratio of the previous quarter, because of the effect of stock accumulation coupled with a decline in shipments of close to 2 per cent.

Within retail trade, there was a build-up of stocks of all non-durable goods. A small increase in the stocks of all other durable goods was more than offset by a large liquidation in the stocks of motor vehicle dealers leaving, on balance, a small accumulation at the total retail level. The stock-to-sales ratio for the industry as a whole was lower than the ratio of the previous quarter but was above the average ratio of the current economic expansion.

Modest increases were recorded in the stocks of wholesale traders. All the increase in the stocks of wholesalers was accounted for by durable goods. There were offsetting movements within non-durable goods. The stock-to-sales ratio for the industry as a whole was lower than the ratio of the previous quarter.

Exports and Imports of Goods and Services

The deficit in the external account^{1/}, at an adjusted rate of \$1,092 million, was \$88 million higher than in the previous quarter. This increase resulted from a \$304 million rise in the non-merchandise trade deficit, that was partly offset by an improvement of \$216 million in the merchandise trade surplus. As previously mentioned, foreign aid had a marked effect, raising both the merchandise surplus, and the non-merchandise deficit, although, of course, the overall balance remained largely unaffected by this transaction.

Exports and Imports of Goods and Services* (Seasonally Adjusted, at Annual Rates, in Millions of Dollars)

Year	Quarter	Goods			Services			Current Balance
		Exports	Imports	Net	Exports	Imports	Net	
1965	1st	8,268	8,120	148	2,356	3,468	-1,112	-964
	2nd	8,552	8,312	240	2,420	3,680	-1,260	-1,020
	3rd	8,812	8,652	160	2,504	3,740	-1,236	-1,076
	4th	9,316	9,460	-144	2,396	3,756	-1,360	-1,504
1966	1st	10,056	9,528	528	2,624	3,884	-1,260	-732
	2nd	9,888	9,580	308	2,620	3,932	-1,312	-1,004
	3rd	10,424	9,900	524	2,664	4,280	-1,616	-1,092
2Q'66 to 3Q'66, %		5.4	3.3		1.7	8.9		

*Seasonally adjusted figures for 1965 and first quarter 1966 do not incorporate revisions to the original data made by the Balance of Payments Section as shown in DBS 67-001 for the third quarter 1966. National Accounts figures do not include allowances for immigrants' or emigrants' funds and inheritances.

After allowance for seasonal factors, exports were higher for wheat, fish, newsprint, woodpulp, crude petroleum, copper, asbestos and zinc, while sales were lower for lumber, nickel, natural gas, iron ore and fertilizers. Data on commodity imports on a detailed basis are not available.

Country-of-origin trade figures show a drop from the second quarter in both exports to and imports from the United States. The increase in exports was primarily in markets other than the United States and the United Kingdom.

Larger deficits in the travel account, interest and dividend account, and particularly in the miscellaneous service account (reflecting a sharp increase in official contributions) were the main elements in the change in non-merchandise trade.

Government Sector

Seasonally adjusted at annual rates, total expenditures of all governments combined (excluding inter-government transfers) increased by 5½ per cent during the quarter. Total government revenues increased at a slower rate, just over 3 per cent, with the result that the surplus, on a National Accounts basis, declined from a rate of \$576 million in the second quarter to a rate of \$192 million in the third quarter.

Higher outlays which raised government expenditure to an annual rate of \$18,748 million were mainly due to a 7 per cent increase in expenditure on goods and services. This increase was mainly associated with higher international assistance payments at the federal level and an expansion in capital spending at the provincial-municipal level. The remainder of the increase in government spending resulted from higher subsidy payments at the provincial level and higher transfers to persons at the federal level. The introduction of new home owner property tax rebate programmes in Alberta and Saskatchewan, and increased payments in Manitoba accounted for most of the increase in subsidies. Increased outlays on unemployment insurance benefits and grants to universities were responsible for the increase in federal transfer payments.

^{1/} National Accounts basis.

Total combined revenue reached an annual rate of \$18,940 million in the third quarter, a rise of almost \$600 million from the preceding quarter. About three-quarters of the increase was attributable to higher personal tax receipts, particularly at the federal level. This sharp rise in federal personal income taxes from an unusually low rate in the second quarter was in part due to higher rates of tax effective 1 June 1966, which were not reflected in tax receipts until the following month.

Revenue from indirect taxes rose by $2\frac{1}{2}$ per cent with most of the gain at the provincial level, and resulted both from an increased volume of transactions and from tax rate changes in a miscellaneous group of taxes in Newfoundland, Quebec and Ontario. Contributions to the Canada and Quebec Pension Plans continued at a high level and were responsible for the increase in employer and employee contributions.

Offsetting these increases somewhat were declines in corporation tax liabilities.

The Components of Income

Labour Income

Wages, salaries and supplementary labour income seasonally adjusted rose 2.1 per cent from the second to the third quarter ^{1/}. This change was similar to that recorded between the first and second quarters.

The goods-producing industries advanced $1\frac{1}{2}$ per cent, largely the result of a $2\frac{1}{2}$ per cent increase in manufacturing wages and salaries. Construction wages and salaries declined by 1 per cent in the third quarter.

Seasonally adjusted wages and salaries for the service-producing industries were up 3 per cent. Government non-military wages and salaries showed a gain of $5\frac{1}{2}$ per cent in the third quarter with part of this increase attributable to retroactive wage payments made to both federal and provincial government employees. Trade advanced 2 per cent and the finance, insurance and real estate, and non-government service industries were up about $2\frac{1}{2}$ per cent. Transportation, communication and other utilities wages and salaries rose $2\frac{1}{2}$ per cent. This gain would have been approximately $3\frac{1}{2}$ per cent, had there not been a major industrial dispute in this industry.

Investment Income

Corporation profits (before taxes and before dividends paid to non-residents) declined almost 8 per cent in the third quarter to a level of \$4,916 million seasonally adjusted at annual rates. This movement followed a relatively stable level of profits in the preceding three quarters. It was the first large decline since the first quarter of 1961, and may have been affected to some degree by the work stoppages that took place during the quarter.

The decline was widespread among many industries. Within manufacturing the wood, paper, metal, electrical, and petroleum and coal industries showed large decreases. Some manufacturing industries increased their level of profits, notably food and beverages, printing and publishing and non-metallic minerals. However, profits of the manufacturing group in total declined by 13 per cent. Among the other industries, only retail trade showed increased profits, while profits in the utilities remained unchanged. Declines were registered in the mining, wholesale trade, transportation, finance and service industries.

Rent, interest and miscellaneous investment income declined on a seasonally adjusted basis by 2 per cent from the level of the second quarter. The decline was largely attributable to trading profits of federal government enterprises which were down by \$96 million at annual rates. This change was influenced by the nationwide rail strike that occurred during the quarter. Time lost in the entire transportation industry rose to 319,400 man-working days in August alone compared to 206,700 man-working days for the full year 1965.

^{1/} Estimates of labour income are usually the summation of monthly figures for the respective quarter. However, because of implementation of the new standard industrial classification, together with methodological changes affecting the monthly indicators, it was necessary to make the third quarter estimates on the basis of actual figures for the first two months and a projected figure for the third month.

Non-Farm Unincorporated Business

Net income of non-farm unincorporated business increased by 6 per cent in the third quarter to \$3,032 million at seasonally adjusted annual rates. Retail trade was mainly responsible for the increase, rising sharply over the second quarter figure. This gain in trade was partly offset by a decline of over 10 per cent in the construction industry.

Accrued Net Income of Farm Operators

Accrued net income of farm operators at seasonally adjusted rates increased to \$2,412 million, a rise of $5\frac{1}{2}$ per cent over the second quarter.

The changes in the value of grain and livestock production showed offsetting movements. While the value of grain production rose, largely as a result of the higher profits of the Canadian Wheat Board, the value of livestock production fell on account of lower marketings. Cash income from all other farm products were up sharply, notably dairy products, rapeseed and vegetables.

Production by Industry

Seasonally adjusted Real Domestic Product less Agriculture for the third quarter of 1966 showed no change from the previous quarter, as a result of the one per cent increase in the service-producing industry group being offset by a decline of equal magnitude in the output of the goods-producing industry group.

Among the goods-producing industries, declines ranging from about 3 to $7\frac{1}{2}$ per cent were recorded in mining, construction and forestry. Manufacturing increased fractionally from its second quarter level, as a result of the recovery of its durable manufacturing component from a marginal decline in the second quarter. Movements within non-durables were mixed, and largely offsetting. Electric power and gas utilities increased by about 2 per cent.

Among the service-producing industries, all but one of the major industry groups showed increases in the second quarter, ranging from about one per cent in community, recreation, business and personal services to $2\frac{1}{2}$ per cent in trade.

The only decline within the service-producing group was recorded by transportation. This was almost entirely the result of a drop in the output of the strike-affected railway transport industry.

Trade was the largest contributor to the third quarter gain, accounting for about three-quarters of the advance in service-industry output. Within trade, the 3 per cent increase at the retail level accounted for the larger part of the increase in the third quarter, while wholesale trade showed a more moderate increase of just over one per cent.

Introductory Review - First Nine Months 1966

For the first nine months of 1966 gross national product advanced 11.3 per cent over the same period in the preceding year. Although this 11.3 rate of advance in the value of GNP was higher than the 9.7 per cent recorded in the full year 1965, in real terms the increases were 6.6 per cent for both periods because of some acceleration in the rate of price rise. Within the year 1966 quarter to quarter increases in gross national product have become successively smaller, ranging from the unusually strong first quarter advance of 4.5 per cent to the current advance of 0.7 per cent.

Turning again to the nine-month comparison, final demand increased at a slightly greater rate than did the value of production, and as a consequence there was an advance in imports of over 14 per cent. The strength in demand was broadly based, extending to all categories other than new housing which increased by only $4\frac{1}{2}$ per cent. In contrast to this, business expenditures on plant and equipment rose by 19 per cent, exports 17 per cent, government expenditures 15 per cent, and consumer spending 9 per cent.

Advances in the income components were more diverse with labour income increasing by 13 per cent, while profits showed virtually no change.

Accrued net farm income rose by 43 per cent, while net income of the unincorporated business sector increased by only 3 per cent.

Price Movements

The price component of gross national product advanced by 4.4 per cent in the first nine months of 1966 compared with the like period of 1965. The annual change from 1964 to 1965 was 2.9 per cent. In most cases price advances in the first nine months of 1966 were greater than those in 1965.

With the exception of durable goods, all major categories of personal expenditure showed an acceleration in the rate of price increase. Food prices rose by nearly 7 per cent so that the advance of 8 per cent in value of food expenditures was reduced to $1\frac{1}{2}$ per cent in real terms. Prices of goods other than food increased by only $1\frac{1}{2}$ per cent, with the durable goods component declining by half of 1 per cent. Service prices advanced by $3\frac{1}{2}$ per cent compared with 3 per cent in the previous year.

Prices associated with business fixed capital formation showed less of an increase in 1966 than in the preceding year, largely due to the machinery and equipment component which increased by $1\frac{1}{2}$ per cent in 1966 compared with the $2\frac{1}{2}$ per cent rise in 1965. Construction prices^{1/} advanced by 5 per cent in the first nine months of 1966, compared with an annual increase of $5\frac{1}{2}$ per cent in the preceding year.

The price components of exports and imports rose by $3\frac{1}{2}$ and 2 per cent respectively, in contrast with changes of 1 per cent in exports and half of 1 per cent in imports in the preceding year.

Personal Expenditure

Consumer expenditure for the first three quarters of 1966 was almost 9 per cent higher than for the corresponding period of 1965, and almost 1 per cent above the rate of increase for 1965 as a whole. With prices rising by somewhat more in 1966 than in 1965, the advances in personal spending in real terms were 6 per cent in 1965 as a whole and $5\frac{1}{2}$ per cent in the first three quarters of 1966. For the first nine months of 1966 spending on non-durable goods and services increased by 10 and 9 per cent respectively while spending on durable goods rose by 5 per cent. In real terms, however, the increases in all major categories were around $5\frac{1}{2}$ per cent.

^{1/} The price components of construction do not take account of changes in productivity or in profit margins. If profit margins increased in 1966, these indexes would understate price change.

Value, Volume and Price
Per cent Change

	<u>1965</u> <u>1964</u>			<u>9 Mos. 1966</u> <u>9 Mos. 1965</u>		
	Value	Volume	Price	Value	Volume	Price
Personal expenditure	8.1	6.0	1.9	8.9	5.4	3.3
Durable goods	11.4	11.7	-0.3	5.0	5.6	-0.6
Non-durable goods	7.3	5.1	2.0	9.9	5.3	4.3
Total goods	8.1	6.5	1.5	8.9	5.4	3.2
of which: food	5.8	2.9	2.8	8.2	1.4	6.7
goods other than food	8.2	7.4	0.8	6.3	4.7	1.4
Services, including net expenditure	8.1	5.2	2.8	9.0	5.5	3.4
Government expenditure	10.9	6.2	4.4	14.6	7.2	6.8
Business gross fixed capital formation	14.5	9.7	4.3	16.0	12.2	3.5
New residential construction	5.1	0.2	4.9	4.5	-0.3	4.9
New non-residential construction	17.8	10.9	6.1	23.0	16.8	5.3
New machinery and equipment	16.7	13.7	2.6	15.5	14.0	1.4
Final domestic demand	9.8	6.7	2.9	11.4	7.0	4.1
Exports	6.2	5.0	1.2	16.8	13.0	3.4
Total final demand	9.2	6.4	2.6	12.3	8.1	4.0
Imports	12.6	12.1	0.4	14.3	12.2	1.8
Gross National Expenditure	9.7	6.6	2.9	11.3	6.6	4.4

The following table shows the pattern of increases in consumer expenditure in the first three quarters of this year compared with the same period of 1965 in relation to the changes between full years 1964 and 1965.

	Year 1964 to Year 1965 Per cent Change	3 Quarters 1965 to 3 Quarters 1966 Per cent Change
Total non-durable goods	7.3	9.9
Food	5.8	8.5
Tobacco	8.2	6.4
Clothing	5.9	6.3
Other	10.1	14.4
Total durable goods	11.4	5.0
Autos, new and used	14.2	1.2
Household durables	7.9	9.8
Other	9.8	9.3
Total all goods	8.1	8.8
Total services	8.1	9.0
Total consumer expenditure	8.1	8.9

Business Gross Fixed Capital Formation

Business spending on fixed capital, including housing, was 16 per cent higher than the three quarters of 1965. The rise in business fixed capital spending on plant and equipment was 19 per cent. The latter figure of 19 per cent is higher than the 16 per cent increase in investment intentions for the full year as contained in the March report^{1/}, but lower than the 23 per cent increase in investment intentions recorded in the mid-year survey^{2/}. The main element of strength recorded in the National Accounts projectors was the demand for non-residential construction, which was 23 per cent higher than the comparable period of last year. Spending on machinery and equipment was up 15½ per cent. New residential construction increased by only 4½ per cent. Although industrial detail is not available, the mid-year survey suggested that the main strength was centred in such manufacturing industries as food and beverages, paper, primary metals and transportation equipment; and in such utilities as electric power, railway transport, telephones, air transport, and oil and gas pipelines.

Exports and Imports of Goods and Services

During the first three quarters of 1966 the deficit in the external account on a national accounts basis narrowed somewhat from what it was in the same period in 1965.

This change resulted from an improvement of about \$240 million in merchandise trade surplus, partially offset by an increase of \$185 million in the deficit on non-merchandise trade.

Trade of Canada figures DBS 65-002 and DBS 65-005 for eight months provide information on the various components of merchandise trade. Notable increases among the export categories were wheat, up nearly 50 per cent, pulp, paper, etc., up 11 per cent, metals and metal products, up 10 per cent, and motor vehicles up a striking 240 per cent or \$205 million. In merchandise imports, machinery and equipment other than motor vehicles rose 24 per cent, responding to strong demand by business for capital goods.

There was little change in the freight and shipping account balance between 1965 and 1966. However, other service account balances deteriorated, particularly interest and dividends, official contributions, and travel.

Exports and Imports of Goods and Services* (Not Seasonally Adjusted, in Millions of Dollars)

	<u>Goods</u>			<u>Services</u>			<u>Current Balance</u>
	<u>Exports</u>	<u>Imports</u>	<u>Net</u>	<u>Exports</u>	<u>Imports</u>	<u>Net</u>	
3 quarters							
1965	6,280	6,185	95	1,916	2,737	-821	-726
1966	7,483	7,147	336	2,000	3,006	-1,006	-670
Per cent change	19.2	15.6		4.4	9.8		

*The figures here do not exactly correspond to the data included in Table 2 of this report because they include the revisions made to the data by the Balance of Payments Section and published in DBS 67-001. They exclude, however, migrants' funds and inheritances.

^{1/} DBS 61-205.

^{2/} DBS 61-206.

Merchandise Trade
(Trade of Canada Basis, in Millions of Dollars)

	Domestic Exports			Imports		
	8 months			8 months		
	1965	1966	Change	1965	1966	Change
Live animals	32	45	13	7	8	1
Food, feed, beverages, tobacco	912	1,185	273	461	493	32
Inedible crude materials	1,131	1,248	117	633	665	32
Animal and vegetable products	129	156	27	83	95	12
Metals	559	590	31	129	133	4
Non-metallic minerals	392	451	53	306	332	26
Textiles, allied	11	7	-4	88	84	-4
Inedible fabricated materials	2,440	2,697	257	1,343	1,466	123
Lumber and wood	402	431	29	45	47	2
Pulp, paper, allied ..	932	1,036	104	46	48	2
Chemicals, allied	207	242	35	292	316	24
Metals and metal products	776	853	77	479	531	52
Non-metallic minerals	51	59	8	187	200	13
Textiles, allied	30	36	6	198	213	15
Inedible end products	826	1,233	407	2,843	3,500	657
Machinery	223	272	49	915	1,075	160
Transportation and communication equipment	406	724	318	989	1,326	337
Other equipment, tools	115	130	15	447	551	104
Personal, household goods	30	36	6	202	215	13
Miscellaneous	52	71	19	291	332	41
Special trade transactions	16	15	-1	178	210	32
Total	5,357	6,422	1,065	5,464	6,342	878

Government Sector

Reflecting the continuing high levels of income and employment, total revenues of all governments combined, excluding inter-governmental transfers, increased by 14 per cent, or \$1,714 million, in the first nine months of 1966 compared with the same period of 1965. Over \$500 million of the increase in government revenues was due to employer and employee contributions to the Canada and Quebec Pension Plans which began operations in January 1966. Receipts from indirect taxes rose sharply and accounted for over one-third of the gain in absolute terms. Federal indirect tax revenues rose almost 12 per cent, attributable to higher returns from customs duties and excise taxes. The increase in provincial-municipal revenues reflected mainly gains in sales and gasoline taxes, associated in part with higher tax rates in Ontario and extended tax bases in Ontario and Saskatchewan, as well as increased real property tax revenues.

Much of the rest of the gain in total revenues occurred in personal direct taxes which rose by 11½ per cent. This rate of increase was much higher at the provincial-municipal level, where personal income tax receipts rose by about 25 per cent, than at the federal level where the increase was 6 per cent. The differing rates of increase were, in part, caused by changes in the federal tax rates which occurred in July 1965 and June 1966 and a further abatement of three percentage points of basic income tax in favour of the provinces, on January 1, 1966.

Total expenditures of all governments rose by 12½ per cent, with most of the increase accounted for by higher outlays on goods and services and transfer payments to persons. Increases in expenditures on goods and services occurred at all levels of government and were in general the result of higher outlays on capital goods and salaries and wages. At the federal level, there was also a marked increase in international assistance payments.

Transfer payments to persons increased by about \$300 million. Two-thirds of the increase was at the provincial-municipal level and was caused by larger grants to hospitals and educational institutions. The gain at the federal level reflected the lowering of the age limit for old age security payments.

With total revenues exceeding total expenditures in the first nine months of 1966, the surplus, on a National Accounts basis, increased by over \$200 million to a level of \$220 million. The improvement in the surplus position resulted from contributions to the Canada and Quebec Pension Plans. Exclusive of these pension plans, at the federal level, the surplus fell from \$229 million in the first three quarters of 1965 to \$19 million in the first three quarters of 1966 and at the provincial-municipal level the deficit widened from \$225 million to \$332 million.

Labour Income

Reflecting increases in remuneration of approximately 6 per cent and continuing increases in employment, wages and salaries in the first three quarters of 1966 were 13 per cent higher than in the corresponding period of 1965.

The goods-producing industries advanced sharply, by about 14½ per cent. The gains were concentrated in the manufacturing industries, which increased by over 12 per cent, and the construction industry, where the increase was about 28 per cent.

The service-producing industries increased by 11 per cent, somewhat less than the goods-producing industries. The industry increases ranged from 11 to 14 per cent with the exception of the finance and insurance group and the transportation, storage and communication group, the latter having been affected by a major strike in 1966.

Investment Income

The level of corporation profits for the first three quarters of 1966 was virtually unchanged from the same period of the previous year. Significant movements took place within these periods as the level of profits was increasing in the second and third quarters of 1965, while it was declining in the second and third quarters of 1966.

As usual, the movements of profits by industry over the nine-month period were mixed. Declines in excess of 10 per cent were registered by the textile, paper and transportation equipment industries. Most of the other industries showed moderate gains.

During the same period, corporate capital consumption allowances increased by almost 10 per cent, with the result that the level of earnings before provision for capital consumption showed an increase of 4 per cent.

Rent, interest and miscellaneous investment income for the first three quarters of 1966 increased by 9 per cent over the corresponding period of 1965. Trading profits of government enterprises were affected by strikes, particularly in transportation, and moved up by 5 per cent over the nine months.

Accrued Net Income of Farm Operators

Accrued net income of farm operators in the first three quarters of 1966 increased 43 per cent over the corresponding period of 1965.

The increase can be attributed to all components of farm production. The value of grain production increased largely as a result of the record high level of the 1966 crop, while increased prices for cattle and hogs contributed to the rise in livestock income.

Non-Farm Unincorporated Business

During the first three quarters of 1966, net income of non-farm unincorporated business rose by 2½ per cent over the same period of last year.

The service industries were mainly responsible for the increase which was partly offset by a 2 per cent decline in retail trade.

Production by Industry

Real domestic product less agriculture for the first nine months of 1966 was $6\frac{1}{2}$ per cent higher than in the corresponding period of 1965. About 40 per cent of this gain came from the 8 per cent advance in manufacturing, with both the non-durable and the durable manufacturing components contributing about equally to the increase. Trade and the transportation, storage and communication group contributed another 21 per cent to the increase in non-agricultural real output. The largest increase was recorded by electric power and gas utilities which advanced by over 13 per cent. Among other industry groups to show strong gains in 1966 were construction and transportation, up by $7\frac{1}{2}$ and 8 per cent, respectively. Increases ranging from $4\frac{1}{2}$ to $6\frac{1}{2}$ per cent occurred in forestry, trade, finance, insurance and real estate, the community, recreation, business and personal service group and in mining. Public administration and defence advanced by 2 per cent.

TABLES UNADJUSTED FOR SEASONAL VARIATION

TABLE 1. National Income and Gross National Product, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income ..	6,026	6,431	6,741	6,835	26,033	6,840	7,269	7,568
2. Military pay and allowances	145	153	149	140	587	168	145	147
3. Corporation profits before taxes	1,055	1,409	1,330	1,405	5,199	1,124	1,449	1,234
4. Deduct: Dividends paid to non-residents(1)	- 178	- 155	- 161	- 257	- 751	- 186	- 159	- 162
5. Rent, interest, and miscellaneous investment income	833	845	874	1,002	3,554	919	933	938
6. Accrued net income of farm operators from farm production(2)	10	100	1,305	230	1,645	109	219	1,693
7. Net income of non-farm unincorporated business(3)	581	720	712	864	2,877	619	712	735
8. Inventory valuation adjustment(4)	- 41	- 117	- 55	- 112	- 325	- 118	- 86	- 70
9. NET NATIONAL INCOME AT FACTOR COST	8,431	9,386	10,895	10,107	38,819	9,475	10,482	12,083
10. Indirect taxes less subsidies	1,693	1,780	1,841	1,858	7,172	1,892	1,943	2,004
11. Capital consumption allowances and miscellaneous valuation adjustments	1,432	1,546	1,516	1,616	6,110	1,554	1,691	1,612
12. Residual error of estimate	- 133	- 60	33	55	- 105	- 146	- 30	145
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	11,423	12,652	14,285	13,636	51,996	12,775	14,086	15,844
14. (Gross national product at market prices excluding accrued net income of farm operators)	(11,413)	(12,552)	(12,980)	(13,406)	(50,351)	(12,666)	(13,867)	(14,151)

(1) Includes the withholding tax applicable to this item.

(2) Includes change in farm inventories as shown in line 11, Table 4. An adjustment has been made to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board.

(3) Includes net income of independent professional practitioners.

(4) See footnote 4, Table 2.

TABLE 2. Gross National Expenditure, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	7,310	7,976	7,828	8,949	32,063	8,054	8,558	8,561
2. Government expenditure on goods and services(1, 2)	2,091	2,427	2,606	2,472	9,596	2,426	2,631	3,105
3. Business gross fixed capital formation(3)	2,078	2,578	2,792	2,976	10,424	2,521	3,117	3,005
4. New residential construction	469	510	548	597	2,124	509	554	533
5. New non-residential construction	685	893	1,195	1,182	3,955	884	1,175	1,351
6. New machinery and equipment	924	1,175	1,049	1,197	4,345	1,128	1,388	1,121
7. Value of physical change in inventories(4)	214	- 15	1,085	- 336	948	40	116	1,212
8. Non-farm business inventories	492	96	164	153	905	390	272	58
9. Farm inventories and grain in commercial channels	- 278	- 111	921	- 489	43	- 350	- 156	1,154
10. Exports of goods and services	2,264	2,764	3,093	3,035	11,156	2,702	3,198	3,586
11. Deduct: Imports of goods and services	- 2,667	- 3,138	- 3,086	- 3,406	- 12,297	- 3,114	- 3,565	- 3,480
12. Residual error of estimate	133	60	- 33	- 54	106	146	31	- 145
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	11,423	12,652	14,285	13,636	51,996	12,775	14,086	15,844

(1) Includes outlays on new durable assets such as building and highway construction by governments, other than government business enterprises. Also includes net purchases of government commodity agencies.

(2) For details of defence expenditures see line 3, Table 6.

(3) Includes capital expenditures by private and government business enterprises, private non-commercial institutions, and outlays on new residential construction by individuals and business investors.

(4) The book value of inventories is deflated to remove the effect of price changes and the derived "physical" change is then valued at average prices of the current period to obtain the value of physical change. The difference between this value of physical change and the change in book value is called the inventory valuation adjustment. (See line 8, Table 1).

TABLE 3. Source of Personal Income, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income	6,026	6,431	6,741	6,835	26,033	6,840	7,269	7,568
2. Deduct: Employer and employee contributions to social insurance and government pension funds	- 232	- 231	- 247	- 249	- 959	- 384	- 461	- 468
3. Military pay and allowances	145	153	149	140	587	168	145	147
4. Net income received by farm operators from farm production(1)	262	55	1,226	146	1,689	285	131	1,559
5. Net income of non-farm unincorporated business	581	720	712	864	2,877	619	712	735
6. Interest, dividends, and net rental income of persons(2)	998	1,015	1,019	1,097	4,129	1,077	1,102	1,113
Transfer payments to persons:								
7. From government (excluding interest)	1,204	1,104	1,096	1,098	4,502	1,279	1,225	1,207
8. Charitable contributions by corporations	11	11	11	11	44	11	11	11
9. PERSONAL INCOME	8,995	9,258	10,707	9,942	38,902	9,895	10,134	11,872

(1) This item differs from line 6, Table 1, by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.

(2) Includes all government debt interest paid to persons.

TABLE 4. Disposition of Personal Income, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Personal direct taxes	911	1,044	958	999	3,912	1,030	1,106	1,112
2. Income taxes	746	914	830	865	3,355	852	969	981
3. Succession duties and estate taxes	42	49	60	58	209	58	53	63
4. Miscellaneous	123	81	68	76	348	120	84	68
5. Personal expenditure on consumer goods and services ..	7,310	7,976	7,828	8,949	32,063	8,054	8,558	8,561
6. Non-durable goods	3,417	3,663	3,847	4,507	15,434	3,749	4,024	4,231
7. Durable goods	827	1,115	889	1,170	4,001	958	1,063	951
8. Services(1)	3,066	3,198	3,092	3,272	12,628	3,347	3,471	3,379
9. Personal net saving	774	238	1,921	- 6	2,927	811	470	2,199
10. Personal saving excluding change in farm inventories	1,029	326	984	532	2,871	1,110	591	1,097
11. Value of physical change in farm inventories	- 255	- 88	937	- 538	56	- 299	- 121	1,102
12. PERSONAL INCOME	8,995	9,258	10,707	9,942	38,902	9,895	10,134	11,872
13. (Personal disposable income)(2)	(8,084)	(8,214)	(9,749)	(8,943)	(34,990)	(8,865)	(9,028)	(10,760)

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 5. Government Revenue, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Direct taxes - Persons	911	1,044	958	999	3,912	1,030	1,106	1,112
2. Federal	621	757	661	676	2,715	661	746	751
3. Provincial and municipal	290	287	297	323	1,197	369	360	361
4. Direct taxes - Corporations	447	580	544	593	2,164	452	607	544
5. Federal(1)	335	435	408	445	1,623	339	455	408
6. (Federal tax collections)(1)	(359)	(566)	(396)	(394)	(1,715)	(399)	(528)	(411)
7. Provincial	112	145	136	148	541	113	152	136
8. (Provincial tax collections)	(145)	(140)	(151)	(116)	(552)	(143)	(159)	(146)
Withholding taxes:								
9. Federal(2)	37	44	29	58	168	39	53	34
10. Indirect taxes	1,745	1,836	1,924	1,977	7,482	1,957	2,027	2,115
11. Federal	689	800	845	913	3,247	805	897	908
12. Provincial and municipal	1,056	1,036	1,079	1,064	4,235	1,152	1,130	1,207
13. Investment income	377	397	402	512	1,688	424	449	437
14. Federal	123	153	145	197	618	135	178	153
15. Provincial and municipal	254	244	257	315	1,070	289	271	284
16. Employer and employee contributions to social insurance and government pension funds	232	231	247	249	959	384	461	468
17. Federal	148	144	154	156	602	158	151	160
18. Provincial and municipal	84	87	93	93	357	100	103	108
19. Canada Pension Plan						95	150	147
20. Quebec Pension Plan						31	57	53
Transfers from Federal:								
21. Provincial and municipal	386	367	313	361	1,427	396	424	389
22. TOTAL REVENUE	4,135	4,499	4,417	4,749	17,800	4,682	5,127	5,099
23. FEDERAL	1,953	2,333	2,242	2,445	8,973	2,137	2,480	2,414
24. PROVINCIAL AND MUNICIPAL	2,182	2,166	2,175	2,304	8,827	2,419	2,440	2,485
25. CANADA PENSION PLAN						95	150	147
26. QUEBEC PENSION PLAN						31	57	53

(1) Excludes refundable tax on corporate cash profits introduced May, 1966. The amounts collected were: second quarter, \$19 million and third quarter, \$57 million.

(2) Beginning in 1962, the withholding tax series has been adjusted to conform more closely with the flow of interest and dividends to non-residents.

TABLE 6. Government Expenditure, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Goods and services	2,091	2,427	2,606	2,472	9,596	2,426	2,631	3,105
2. Federal	823	761	866	817	3,267	941	852	1,026
3. (Defence)	(460)	(352)	(380)	(370)	(1,562)	(480)	(354)	(393)
4. Provincial and municipal	1,268	1,666	1,740	1,655	6,329	1,485	1,779	2,079
5. Transfer payments to persons (excluding interest on the public debt)	1,204	1,104	1,096	1,098	4,502	1,279	1,225	1,207
6. Federal	657	594	534	531	2,316	676	624	580
7. Provincial and municipal	547	510	562	567	2,186	603	601	627
8. Interest on the public debt	375	436	389	435	1,635	403	470	430
9. Federal	253	271	262	266	1,052	278	293	293
10. Provincial and municipal	122	165	127	169	583	125	177	137
11. Subsidies	52	56	83	119	310	65	84	111
12. Federal	44	50	56	109	259	56	74	67
13. Provincial	8	6	27	10	51	9	10	44
Capital Assistance:(1)								
14. Federal	20	21	21	22	84	8	21	14
Transfers to other levels of government:								
15. Federal	386	367	313	361	1,427	396	424	389
16. Total expenditure	4,128	4,411	4,508	4,507	17,554	4,577	4,855	5,256
17. Federal	2,183	2,064	2,052	2,106	8,405	2,355	2,288	2,369
18. Provincial and municipal	1,945	2,347	2,456	2,401	9,149	2,222	2,567	2,887
19. Deficit (-) or Surplus (+)	7	88	- 91	242	246	105	272	- 157
20. Federal	- 230	269	190	339	568	- 218	192	45
21. Provincial and municipal	237	- 181	- 281	- 97	- 322	197	- 127	- 402
22. Canada Pension Plan	-	-	-	-	-	95	150	147
23. Quebec Pension Plan	-	-	-	-	-	31	57	53
24. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	4,135	4,499	4,417	4,749	17,800	4,682	5,127	5,099
25. FEDERAL	1,953	2,333	2,242	2,445	8,973	2,137	2,480	2,414
26. PROVINCIAL AND MUNICIPAL	2,182	2,166	2,175	2,304	8,827	2,419	2,440	2,485
27. CANADA PENSION PLAN						95	150	147
28. QUEBEC PENSION PLAN						31	57	53

(1) From 1961 on, this item is treated as government current expenditure; prior to 1961, it was treated as capital transfer.

TABLE 7. Source of National Saving, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Personal net saving	774	238	1,921	- 6	2,927	811	470	2,199
2. Business gross saving	1,415	2,100	2,043	2,036	7,594	1,643	2,271	2,061
3. Undistributed corporation profits	215	488	427	314	1,444	257	471	301
4. Capital consumption allowances and miscellaneous valuation adjustments	1,432	1,546	1,516	1,616	6,110	1,554	1,691	1,612
5. Adjustment on grain transactions(1)	- 252	45	79	84	- 44	- 176	88	134
6. Capital assistance	20	21	21	22	84	8	21	14
7. Inventory valuation adjustment	- 41	- 117	- 55	- 112	- 325	- 118	- 86	- 70
8. Government surplus (+) or deficit (-)	7	88	- 91	242	246	105	272	- 157
9. Residual error of estimate	- 133	- 60	33	55	- 105	- 146	- 30	145
10. Totals	2,022	2,249	3,851	2,215	10,337	2,295	2,897	4,178

(1) This item is an adjustment to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board. See also footnote 1, Table 3.

TABLE 8. Disposition of National Saving, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Business gross fixed capital formation	2,078	2,578	2,792	2,976	10,424	2,521	3,117	3,005
2. New residential construction	469	510	548	597	2,124	509	554	533
3. New non-residential construction	685	893	1,195	1,182	3,955	884	1,175	1,351
4. New machinery and equipment	924	1,175	1,049	1,197	4,345	1,128	1,388	1,121
5. Value of physical change in inventories	214	- 15	1,085	- 336	948	40	116	1,212
6. Surplus (+) or deficit (-) on current account with non-residents	- 403	- 374	7	- 371	- 1,141	- 412	- 367	106
7. Residual error of estimate	133	60	- 33	- 54	106	146	31	- 145
8. Totals	2,022	2,249	3,851	2,215	10,337	2,295	2,897	4,178

TABLE 9. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1965 and 1966(1)
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. GROSS NATIONAL PRODUCT AT MARKET PRICES ..	11,423	12,652	14,285	13,636	51,996	12,775	14,086	15,844
2. Deduct: Residual error of estimate	133	60	- 33	- 55	105	146	30	- 145
3. Indirect taxes less subsidies ..	- 1,693	- 1,780	- 1,841	- 1,858	- 7,172	- 1,892	- 1,943	- 2,004
4. Income received from non-residents	- 65	- 78	- 65	- 107	- 315	- 67	- 69	- 48
5. Add: Income paid to non-residents ...	236	247	224	341	1,048	258	263	242
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	10,034	11,101	12,570	11,957	45,662	11,220	12,367	13,889

(1) Annual data for earlier years are available in "National Accounts, Income and Expenditure, 1965", and previous years; (Catalogue No. 13-201); quarterly data are available on request.

TABLE 10. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1965 and 1966(1)
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	6,564	7,111	6,896	7,891	28,462	7,019	7,371	7,300
2. Non-durable goods	3,146	3,314	3,436	4,017	13,913	3,309	3,493	3,621
3. Durable goods	827	1,116	892	1,170	4,005	971	1,065	958
4. Services	2,591	2,681	2,568	2,704	10,544	2,739	2,813	2,721
5. Government expenditure on goods and services	1,595	1,929	2,150	1,893	7,567	1,739	1,965	2,377
6. Business gross fixed capital formation ..	1,680	2,070	2,235	2,362	8,347	1,979	2,424	2,312
7. New residential construction	370	396	423	455	1,644	383	411	391
8. New non-residential construction	553	710	951	925	3,139	678	888	1,021
9. New machinery and equipment	757	964	861	982	3,564	918	1,125	900
10. Change in inventories	253	- 36	976	- 255	938	103	72	1,057
11. Non-farm business inventories	481	109	115	169	874	380	272	- 10
12. Farm inventories and grain in commercial channels	- 228	- 145	861	- 424	64	- 277	- 200	1,067
13. Exports of goods and services	2,062	2,495	2,759	2,707	10,023	2,391	2,805	3,068
14. Deduct: Imports of goods and services ...	- 2,335	- 2,750	- 2,683	- 2,982	- 10,750	- 2,689	- 3,063	- 2,962
15. Residual error of estimate	115	52	- 28	- 46	93	121	26	- 119
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	9,934	10,871	12,305	11,570	44,680	10,663	11,600	13,033

(1) The implicit price deflators of the seasonally unadjusted components of Gross National Expenditure, derived by dividing the value figures in Table 2 by the constant dollar figures in Table 10, are not suitable as indicators of quarter-to-quarter price change. This is because they are currently weighted and therefore are affected by compositional shifts which occur within the unadjusted components of Gross National Expenditure, on a quarter-to-quarter basis. Quarter-to-quarter comparisons based on seasonally adjusted data are less subject to the problem of shifting weights and may be used as a measure of price change.

TABLES ADJUSTED FOR SEASONAL VARIATION AND AT ANNUAL RATES

TABLE 11. National Income and Gross National Product, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates (millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income	25,008	25,600	26,344	27,180	26,033	28,328	28,956	29,568
2. Military pay and allowances	596	592	600	560	587	680	560	592
3. Corporation profits before taxes	5,040	5,112	5,344	5,300	5,199	5,368	5,320	4,916
4. Deduct: Dividends paid to non-residents(1)	- 700	- 788	- 772	- 744	- 751	- 756	- 792	- 772
5. Rent, interest, and miscellaneous investment income	3,384	3,516	3,516	3,800	3,554	3,752	3,864	3,780
6. Accrued net income of farm operators from farm production(2)	1,564	1,496	1,780	1,740	1,645	2,236	2,288	2,412
7. Net income of non-farm unincorporated business(3)	2,736	2,872	2,980	2,920	2,877	2,940	2,856	3,032
8. Inventory valuation adjustment	- 188	- 308	- 340	- 464	- 325	- 488	- 264	- 360
9. NET NATIONAL INCOME AT FACTOR COST	37,440	38,092	39,452	40,292	38,819	42,060	42,788	43,168
10. Indirect taxes less subsidies	6,924	7,128	7,320	7,316	7,172	7,760	7,812	7,916
11. Capital consumption allowances and miscellaneous valuation adjustments	5,944	6,092	6,128	6,276	6,110	6,428	6,656	6,528
12. Residual error of estimate	- 112	12	- 196	- 124	- 105	- 72	80	128
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	50,196	51,324	52,704	53,760	51,996	56,176	57,336	57,740
14. (Gross national product at market prices excluding accrued net income of farm operators)	(48,632)	(49,828)	(50,924)	(52,020)	(50,351)	(53,940)	(55,048)	(55,328)

(1) See footnote 1, Table 1.

(2) Includes an arbitrary smoothing of crop production and standard seasonal adjustments for withdrawals of grain from farm stocks and the change in livestock items. Because of the arbitrary elements, too precise an interpretation should not be given the seasonally adjusted figures of accrued net income of farm operators.

(3) Includes net income of independent professional practitioners.

TABLE 12. Gross National Expenditure, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates (million of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	30,748	31,644	32,520	33,340	32,063	33,924	34,132	35,272
2. Government expenditure on goods and services(1, 2)	9,248	9,540	9,660	9,936	9,596	10,448	10,664	11,404
3. Business gross fixed capital formation(3)	9,760	10,004	10,672	11,260	10,424	11,640	12,084	11,668
4. New residential construction	2,044	2,192	2,132	2,128	2,124	2,200	2,292	2,108
5. New non-residential construction	3,796	3,720	4,036	4,268	3,955	4,512	4,812	4,584
6. New machinery and equipment	3,920	4,092	4,504	4,864	4,345	4,928	4,980	4,976
7. Value of physical change in inventories	1,288	1,168	728	608	948	820	1,540	612
8. Non-farm business inventories	1,108	980	836	696	905	660	1,292	560
9. Farm inventories and grain in commercial channels(4)	180	188	- 108	- 88	43	160	248	52
10. Exports of goods and services	10,624	10,972	11,316	11,712	11,156	12,680	12,508	13,088
11. Deduct: Imports of goods and services	- 11,588	- 11,992	- 12,392	- 13,216	- 12,297	- 13,412	- 13,512	- 14,180
12. Residual error of estimate	116	- 12	200	120	106	76	- 80	- 124
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	50,196	51,324	52,704	53,760	51,996	56,176	57,336	57,740
Detail of Farm Inventories and GICC:								
Value of grain crop production	1,300	1,300	1,300	1,304	1,301	1,564	1,564	1,568
Depletions of farm stocks of grain	- 1,188	- 1,168	- 1,116	- 1,340	- 1,203	- 1,208	- 1,360	- 1,580
Change in livestock inventories	- 4	- 40	- 28	- 96	- 42	- 156	0	40
Grain in commercial channels	72	96	- 264	44	- 13	- 40	44	24

(1) See footnote 1, Table 2.

(2) For details of defence expenditures, see line 3, Table 16.

(3) See footnote 3, Table 2.

(4) In the seasonally adjusted series, the value of grain production in each quarter is taken as one-fourth of the estimated value of crop production for the year as a whole (see footnote 2, Table 11). All other items in the farm inventories series are seasonally adjusted by standard techniques.

TABLE 13. Source of Personal Income, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income	25,008	25,600	26,344	27,180	26,033	28,328	28,956	29,568
2. Deduct: Employer and employee contributions to social insurance and government pension funds	- 920	- 948	- 980	- 988	- 959	- 1,516	- 1,740	- 1,844
3. Military pay and allowances	596	592	600	560	587	680	560	592
4. Net income received by farm operators from farm production(1)	2,080	1,244	1,720	1,712	1,689	2,372	1,960	2,204
5. Net income of non-farm unincorporated business	2,736	2,872	2,980	2,920	2,877	2,940	2,856	3,032
6. Interest, dividends, and net rental income of persons(2)	4,048	4,044	4,164	4,260	4,129	4,368	4,396	4,528
Transfer payments to persons:								
7. From government (excluding interest)	4,404	4,424	4,604	4,576	4,502	4,736	4,940	5,056
8. Charitable contributions by corporations	44	44	44	44	44	44	44	44
9. PERSONAL INCOME	37,996	37,872	39,476	40,264	38,902	41,952	41,972	43,180

(1) This item differs from line 6, Table 11, by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.

(2) Includes all government debt interest paid to persons.

TABLE 14. Disposition of Personal Income, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Personal direct taxes	3,800	3,852	3,932	4,064	3,912	4,280	4,156	4,580
2. Income taxes	3,284	3,308	3,352	3,476	3,355	3,704	3,580	3,988
3. Succession duties and estate taxes	168	196	240	232	209	232	212	252
4. Miscellaneous	348	348	340	356	348	344	364	340
5. Personal expenditure on consumer goods and services	30,748	31,644	32,520	33,340	32,063	33,924	34,132	35,272
6. Non-durable goods	14,784	15,260	15,584	16,108	15,434	16,316	16,744	17,088
7. Durable goods	3,708	3,892	4,224	4,180	4,001	4,272	3,820	4,292
8. Services(1)	12,256	12,492	12,712	13,052	12,628	13,336	13,568	13,892
9. Personal net saving	3,448	2,376	3,024	2,860	2,927	3,748	3,684	3,328
10. PERSONAL INCOME	37,996	37,872	39,476	40,264	38,902	41,952	41,972	43,180
11. (Personal disposable income)(2)	(34,196)	(34,020)	(35,544)	(36,200)	(34,990)	(37,672)	(37,816)	(38,600)

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 15. Government Revenue, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Direct taxes - Persons	3,800	3,852	3,932	4,064	3,912	4,280	4,156	4,580
2. Federal	2,720	2,760	2,660	2,720	2,715	2,864	2,720	3,060
3. Provincial and municipal	1,080	1,092	1,272	1,344	1,197	1,416	1,436	1,520
4. Direct taxes - Corporations	2,060	2,136	2,192	2,268	2,164	2,108	2,240	2,188
5. Federal(1)	1,544	1,600	1,636	1,712	1,623	1,576	1,676	1,632
6. (Federal tax collections)(1)	(1,576)	(1,896)	(1,628)	(1,760)	(1,715)	(1,752)	(1,760)	(1,748)
7. Provincial	516	536	556	556	541	532	564	556
8. (Provincial tax collections)	(544)	(584)	(544)	(536)	(552)	(552)	(644)	(540)
Withholding taxes:								
9. Federal(2)	160	172	164	176	168	168	196	192
10. Indirect taxes	7,164	7,372	7,592	7,800	7,482	8,048	8,136	8,344
11. Federal	3,040	3,172	3,332	3,444	3,247	3,524	3,548	3,576
12. Provincial and municipal(3)	4,124	4,200	4,260	4,356	4,235	4,524	4,588	4,768
13. Investment income	1,592	1,660	1,644	1,856	1,688	1,780	1,876	1,792
14. Federal	568	612	572	720	618	620	716	612
15. Provincial and municipal	1,024	1,048	1,072	1,136	1,070	1,160	1,160	1,180
16. Employer and employee contributions to social insurance and government pension funds	920	948	980	988	959	1,516	1,740	1,844
17. Federal	584	600	608	616	602	624	632	628
18. Provincial and municipal	336	348	372	372	357	400	412	432
19. Canada Pension Plan(4)						372	504	576
20. Quebec Pension Plan(4)						120	192	208
Transfers from Federal:								
21. Provincial and municipal	1,496	1,444	1,316	1,452	1,427	1,528	1,672	1,644
22. TOTAL REVENUE	17,192	17,584	17,820	18,604	17,800	19,428	20,016	20,584
23. FEDERAL	8,616	8,916	8,972	9,388	8,973	9,376	9,488	9,700
24. PROVINCIAL AND MUNICIPAL	8,576	8,668	8,848	9,216	8,827	9,560	9,832	10,100
25. CANADA PENSION PLAN						372	504	576
26. QUEBEC PENSION PLAN						120	192	208

(1) "See footnote 1, Table 5."

(2) "See footnote 2, Table 5."

(3) The quarterly figures of real property taxes unadjusted and seasonally adjusted are obtained by dividing annual totals by four since real property taxes accrue uniformly throughout the taxation year. Because in recent years, changes in real property tax rates have been generally upward this treatment gives rise to fictitious seasonal between the fourth and first quarters in the seasonally adjusted indirect taxes series.

(4) Estimates of a normal quarterly pattern have been used to seasonally adjust the contributions to the Canada and Quebec Pension Plans. No precise interpretation can be placed on the quarterly movements of these series until a later date.

TABLE 16. Government Expenditure, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Goods and services	9,248	9,540	9,660	9,936	9,596	10,448	10,664	11,404
2. Federal	3,204	3,132	3,312	3,420	3,267	3,628	3,616	3,884
3. (Defence)	(1,620)	(1,512)	(1,584)	(1,532)	(1,562)	(1,640)	(1,540)	(1,620)
4. Provincial and municipal	6,044	6,408	6,348	6,516	6,329	6,820	7,048	7,520
5. Transfer payments to persons (excluding interest on the public debt)	4,404	4,424	4,604	4,576	4,502	4,736	4,940	5,056
6. Federal	2,292	2,348	2,360	2,264	2,316	2,400	2,456	2,548
7. Provincial and municipal	2,112	2,076	2,244	2,312	2,186	2,336	2,484	2,508
8. Interest on the public debt	1,608	1,624	1,640	1,668	1,635	1,700	1,756	1,804
9. Federal	1,052	1,036	1,040	1,080	1,052	1,124	1,128	1,164
10. Provincial and municipal	556	588	600	588	583	576	628	640
11. Subsidies	240	244	272	484	310	288	324	428
12. Federal	192	192	220	432	259	252	284	252
13. Provincial	48	52	52	52	51	36	40	176
Capital Assistance:(1)								
14. Federal	80	84	84	88	84	32	84	56
Transfers to other levels of government:								
15. Federal	1,496	1,444	1,316	1,452	1,427	1,528	1,672	1,644
16. Total expenditure	17,076	17,360	17,576	18,204	17,554	18,732	19,440	20,392
17. Federal	8,316	8,236	8,332	8,736	8,405	8,964	9,240	9,548
18. Provincial and municipal	8,760	9,124	9,244	9,468	9,149	9,768	10,200	10,844
19. Deficit (-) or surplus (+)	+ 116	+ 224	+ 244	+ 400	+ 246	+ 696	+ 576	+ 192
20. Federal	+ 300	+ 680	+ 640	+ 652	+ 568	+ 412	+ 248	+ 152
21. Provincial and municipal	- 184	- 456	- 396	- 252	- 322	- 208	- 368	- 744
22. Canada Pension Plan						372	504	576
23. Quebec Pension Plan						120	192	208
24. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	17,192	17,584	17,820	18,604	17,800	19,428	20,016	20,584
25. FEDERAL	8,616	8,916	8,972	9,388	8,973	9,376	9,488	9,700
26. PROVINCIAL AND MUNICIPAL	8,576	8,668	8,848	9,216	8,827	9,560	9,832	10,100
27. CANADA PENSION PLAN						372	504	576
28. QUEBEC PENSION PLAN						120	192	208

(1) See footnote 1, Table 6.

TABLE 17. Source of National Saving, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Personal net saving	3,448	2,376	3,024	2,860	2,927	3,748	3,684	3,328
2. Business gross saving	6,936	7,836	7,792	7,812	7,594	7,920	8,464	7,776
3. Undistributed corporation profits	1,428	1,408	1,520	1,420	1,444	1,596	1,396	984
4. Capital consumption allowances and miscellaneous valuation adjustments	5,944	6,092	6,128	6,276	6,110	6,428	6,656	6,528
5. Adjustment on grain transactions(1)	- 516	252	60	28	- 44	- 136	328	208
6. Capital assistance	80	84	84	88	84	32	84	56
7. Inventory valuation adjustment	- 188	- 308	- 340	- 464	- 325	- 488	- 264	- 360
8. Government surplus (+) or deficit (-)	116	224	244	400	246	696	576	192
9. Residual error of estimate	- 112	12	- 196	- 124	- 105	- 72	80	128
10. Totals	10,200	10,140	10,524	10,484	10,337	11,804	12,540	11,064

(1) This item is an adjustment to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board. See also footnote 1, Table 3.

TABLE 18. Disposition of National Saving, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Business gross fixed capital formation	9,760	10,004	10,672	11,260	10,424	11,640	12,084	11,668
2. New residential construction	2,044	2,192	2,132	2,128	2,124	2,200	2,292	2,108
3. New non-residential construction	3,796	3,720	4,036	4,268	3,955	4,512	4,812	4,584
4. New machinery and equipment	3,920	4,092	4,504	4,864	4,345	4,928	4,980	4,976
5. Value of physical change in inventories	1,288	1,168	728	608	948	820	1,540	612
6. Surplus (+) or deficit (-) on current account with non-residents	- 964	- 1,020	- 1,076	- 1,504	- 1,141	- 732	- 1,004	- 1,092
7. Residual error of estimate	116	- 12	200	120	106	76	- 80	- 124
8. Totals	10,200	10,140	10,524	10,484	10,337	11,804	12,540	11,064

TABLE 19. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1965 and 1966(1)
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. GROSS NATIONAL PRODUCT AT MARKET PRICES ..	50,196	51,324	52,704	53,760	51,996	56,176	57,336	57,740
2. Deduct: Residual error of estimate	112	- 12	196	124	105	72	- 80	- 128
3. Indirect taxes less subsidies ..	- 6,924	- 7,128	- 7,320	- 7,316	- 7,172	- 7,760	- 7,812	- 7,916
4. Income received from non-residents	- 312	- 328	- 336	- 284	- 315	- 308	- 324	- 260
5. Add: Income paid to non-residents ...	976	1,084	1,064	1,068	1,048	1,096	1,128	1,140
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	44,048	44,940	46,308	47,352	45,662	49,276	50,248	50,576

(1) See footnote 1, Table 9.

TABLE 20. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1965 and 1966(1)
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	27,564	28,144	28,808	29,332	28,462	29,508	29,344	30,236
2. Non-durable goods	13,512	13,780	14,000	14,360	13,913	14,296	14,532	14,752
3. Durable goods	3,704	3,888	4,236	4,192	4,005	4,308	3,816	4,316
4. Services	10,348	10,476	10,572	10,780	10,544	10,904	10,996	11,168
5. Government expenditure on goods and services	7,396	7,580	7,620	7,672	7,567	7,836	7,960	8,404
6. Business gross fixed capital formation ..	7,900	8,024	8,548	8,916	8,347	9,140	9,388	9,004
7. New residential construction	1,608	1,700	1,648	1,620	1,644	1,652	1,700	1,552
8. New non-residential construction	3,080	2,960	3,196	3,320	3,139	3,480	3,644	3,448
9. New machinery and equipment	3,212	3,364	3,704	3,976	3,564	4,008	4,044	4,004
10. Change in inventories	1,252	1,156	720	624	938	852	1,448	564
11. Non-farm business inventories	1,080	944	804	668	874	656	1,188	488
12. Farm inventories and grain in commercial channels	172	212	- 84	- 44	64	196	260	76
13. Exports of goods and services	9,644	9,908	10,112	10,428	10,023	11,192	10,952	11,236
14. Deduct: Imports of goods and services ...	- 10,156	- 10,540	- 10,828	- 11,476	- 10,750	- 11,604	- 11,640	- 12,100
15. Residual error of estimate	104	- 12	176	104	93	64	- 64	- 100
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	43,704	44,260	45,156	45,600	44,680	46,988	47,388	47,244

(1) See footnote 1, Table 10.



NATIONAL ACCOUNTS INCOME AND EXPENDITURE

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"National Accounts, Income and Expenditure, by Quarters, 1947-61", for the years 1947-58.

"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1963", for the year 1959.

"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1964", for the year 1960.

"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1965", for the years 1961-64.

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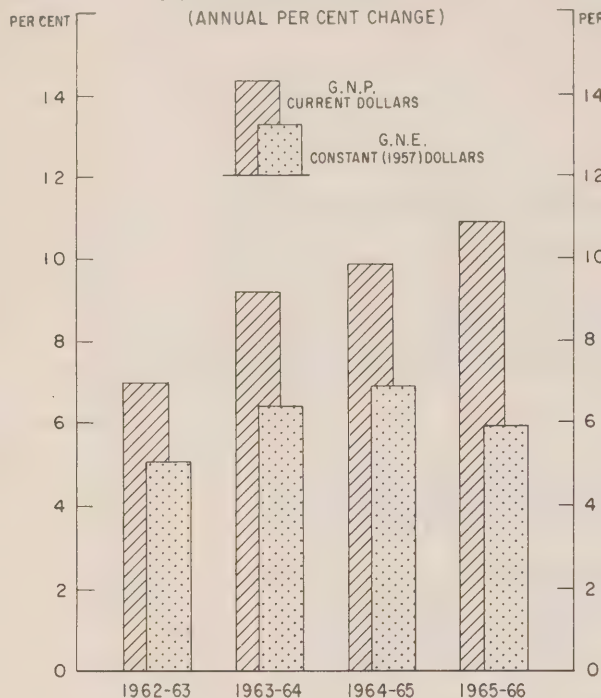
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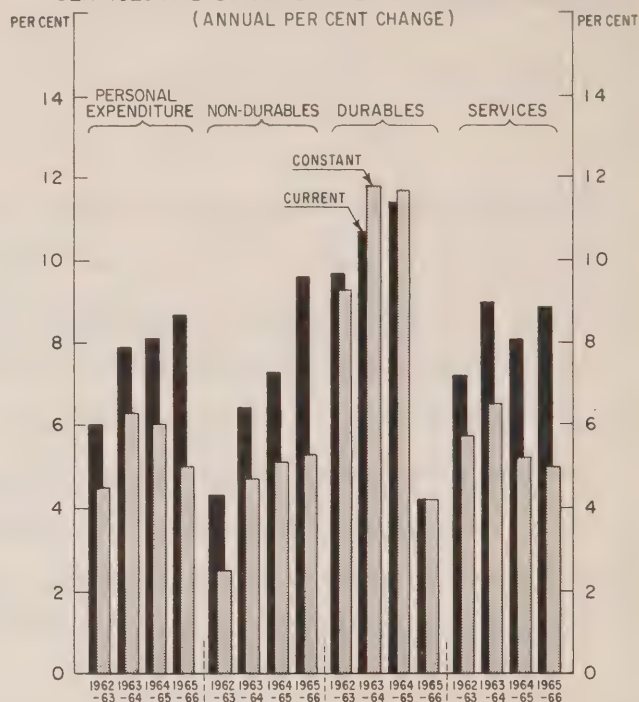
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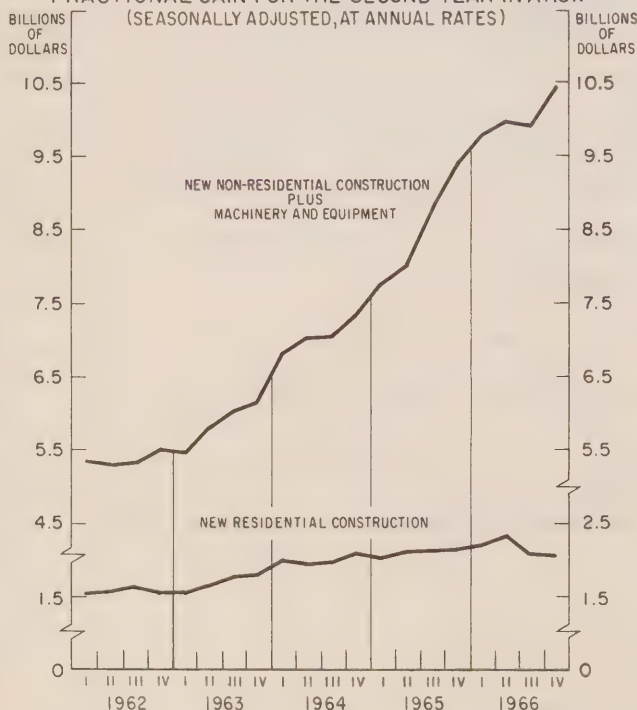
IN 1966, G.N.P. INCREASED BY 10.9 PER CENT COMPARED WITH 9.9 PER CENT IN 1965. IN CONSTANT DOLLARS, THESE GAINS WERE REDUCED TO 5.9 AND 6.9 PER CENT RESPECTIVELY



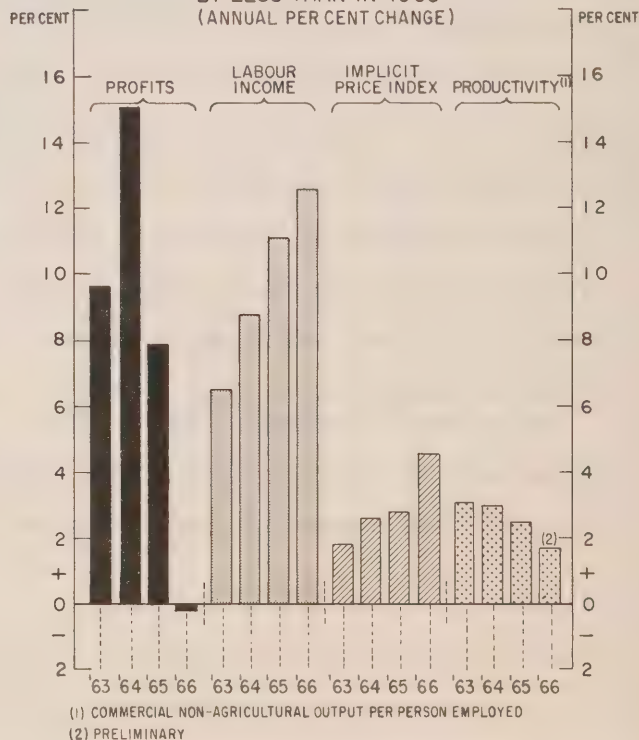
PERSONAL EXPENDITURE ON GOODS AND SERVICES ROSE BY MORE THAN 8.5 PER CENT OVER 1965, AS A RESULT OF OUTLAYS ADVANCING BY 9.6 PER CENT IN NON-DURABLES, ALMOST 9 PER CENT IN SERVICES AND BY SOME 4 PER CENT IN DURABLES



FOR THE THIRD SUCCESSIVE YEAR, BUSINESS SPENDING ON PLANT AND EQUIPMENT WAS A DOMINANT FACTOR, INCREASING BY NEARLY 18 PER CENT IN 1966. NEW HOUSING SHOWED ONLY A FRACTIONAL GAIN FOR THE SECOND YEAR IN A ROW (SEASONALLY ADJUSTED, AT ANNUAL RATES)



CORPORATION PROFITS DECLINED FRACTIONALLY; LABOUR INCOME WITH A 13 PER CENT GAIN SHOWED ONE OF THE STRONGEST YEAR-TO-YEAR ADVANCES SINCE 1951. THE G.N.P. IMPLICIT PRICE INDEX ROSE BY 4.6 PER CENT IN 1966 AS AGAINST 2.8 PER CENT IN 1965, AND PRODUCTIVITY INCREASED BY LESS THAN IN 1965



ANNUAL REVIEW 1966

(This report incorporates revisions to capital expenditure data for the years 1965 and 1966, resulting from new information, together with revisions to some of the other GNP components for the first three quarters of 1966).

The Canadian economy in 1966 registered still another strong advance as continued high levels of demand in the domestic sector, coupled with buoyant conditions abroad, pushed gross national product to a level of 57.8 billion dollars, 10.9 per cent above that of the year 1965. With the economy continuing to operate at high levels of employment, the resulting pressures on prices and costs of this rise in demand were evident in a 4.6 per cent advance in prices, an advance which reduced the 10.9 per cent gain to one of 5.9 per cent in real terms. This compares with an increase of 9.9 per cent in GNP in 1965 which was reduced to a volume gain of 6.9 per cent, after accounting for price advances of 2.8 per cent.

Much of this 11 per cent gain occurred in the first quarter of 1966, when GNP increasing by $4\frac{1}{2}$ per cent ^{1/} registered the strongest quarterly advance in the current expansion. Although increases in demand in that quarter were broadly based, among other things certain special factors contributed both to a marked rise in exports and to a gain in imports that was only fractional, thus reducing the import balance substantially. The quarter-to-quarter gains in GNP for the remainder of the year were more moderate -- about 2 per cent in the second quarter, less than 1 per cent in the third quarter when strikes were a major factor, and 2 per cent in the fourth quarter.

The year as a whole saw gains over a wide range of final expenditure categories. For the third successive year, business spending on plant and equipment was a dominant factor, with investment in these categories increasing by nearly 18 per cent in 1966 compared with advances of 20 per cent in each of the two preceding years. At the provincial and municipal levels, government capital spending reinforced demands by the business sector so that total public and private outlays on plant and equipment rose by more than 18 per cent.

For the second successive year outlays on new housing showed only fractional gains, with a sharp decline in mortgage loan approvals by conventional lenders being a contributing factor to the marked drop in the number of apartment units started. Single family units started showed a slight decrease.

Investment in business inventories in 1966 was maintained at a rate only slightly less than that of 1965.

Government expenditures on goods and services, including capital goods, increased by 16 per cent. Apart from capital spending, increases in outlays on salaries and wages formed an important part of the over-all change. In this area, retroactive wage payments together with increased salary rates to the armed forces and to members of the public service at the various levels of government, some of which involved adjustments over a period of years, accounted for most of the rise. Entirely as a result of Canada and Quebec pension plan contributions, the surplus, on a national accounts basis, for all levels of government combined, increased somewhat in 1966. Exclusive of these plans, the federal surplus narrowed by about \$440 million while the provincial-municipal deficit widened by about \$240 million.

Consumer spending rose by close to 9 per cent in 1966; with personal disposable income increasing by $9\frac{1}{2}$ per cent, personal net saving rose. Prices of consumer goods increased by $3\frac{1}{2}$ per cent in 1966, as compared with a rise of 2 per cent in 1965. Although over-all consumer demand was strong in 1966, there was no rise from 1965 in spending on automobiles in contrast to marked increases in each of the four preceding years. Durable goods spending as a whole rose by 4 per cent. Outlays on non-durable goods and services increased by $9\frac{1}{2}$ per cent and 9 per cent respectively.

Demand for Canadian goods by the rest of the world increased by some $15\frac{1}{2}$ per cent in 1966, in contrast to a growth of a little better than 6 per cent in 1965. Exports of wheat to countries such as the U.S.S.R. and Mainland China, coupled with a gain of some \$600 million in exports of automotive products mainly to the United States, together accounted for about one-half of a \$1.5 billion gain in merchandise exports. Imports also showed a substantial rise, increasing by 14 per cent. The January 1, 1965 Canada-United States Automotive Agreement resulted in a swelling in imports of automotive products; however the historically unfavourable trade balance on these products narrowed in 1966 by

^{1/} Part of this increase reflects the estimated value of the 1966 record crop of \$1,564 million, \$263 million higher than the value of the 1965 crop.

Final Demand and its Sources of Supply
Value of change from preceding quarter
(Seasonally Adjusted at Annual Rates)
(millions of dollars)

	1Q'63 to 2Q'63	2Q'63 to 3Q'63	3Q'63 to 4Q'63	4Q'63 to 1Q'64	1Q'64 to 2Q'64	2Q'64 to 3Q'64	3Q'64 to 4Q'64	4Q'64 to 1Q'65	1Q'65 to 2Q'65	2Q'65 to 3Q'65	3Q'65 to 4Q'65	4Q'65 to 1Q'66	1Q'66 to 2Q'66	2Q'66 to 3Q'66	3Q'66 to 4Q'66
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Demand

Persons	488	488	548	736	296	688	400	364	896	876	820	616	156	1,192	684
Government	- 48	248	12	340	64	- 48	376	320	292	120	276	656	280	776	- 84
Business Investment	184	588	232	552	332	- 20	232	1,400	204	388	464	812	988	- 1,404	664
Plant and Equipment	340	256	100	648	244	8	300	424	240	820	564	376	192	- 84	552
Housing	88	140	12	200	- 64	52	140	- 84	84	8	20	56	116	- 240	- 36
Inventory Change	- 244	192	120	- 296	152	- 80	- 208	1,060	- 120	- 440	- 120	380	680	- 1,080	148
Farm and G.I.C.C.	28	- 48	- 360	- 128	- 64	- 160	488	40	8	- 296	20	284	80	- 252	132
Business Inventories	- 272	240	480	- 168	216	80	- 696	1,020	- 128	- 144	- 140	96	600	- 828	16
Non-Residents (Exports)	324	8	752	332	604	68	- 288	148	348	344	396	804	56	524	196
Residual Error	- 48	- 16	- 20	- 212	- 136	180	88	- 56	- 168	128	- 72	- 200	- 72	- 108	48
Increase in Total Demand	900	1,316	1,524	1,748	1,160	868	808	2,176	1,572	1,856	1,884	2,688	1,408	980	1,508

Supply

Domestic Production	564	820	1,128	928	1,028	968	648	1,672	1,004	1,588	984	2,268	1,152	244	1,228
Non-Residents (Imports)	284	488	372	608	-	76	244	448	404	400	824	220	180	632	332
Residual Error	52	8	24	212	132	- 176	- 84	56	164	- 132	76	200	76	104	- 52
Increase in Total Supply	900	1,316	1,524	1,748	1,160	868	808	2,176	1,572	1,856	1,884	2,688	1,408	980	1,508

Percentage Increase in Total Demand
In constant 1957 Dollars

	1.4	1.9	2.2	2.8	1.2	0.7	1.0	3.2	1.8	2.5	1.9	2.5	1.1	0.3	1.1
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over \$100 million. Investment outlays caused a further significant increase in imports of machinery and equipment. Although the surplus on merchandise transactions increased by about \$260 million, this improvement was partially offset by a widening of the deficit on non-merchandise current transactions, resulting in some narrowing in the current account deficit, on a national accounts basis.

The following table summarizes the pervasive strength of demand in 1966. It is interesting to note that external sources of supply continued to provide the same proportion of the increase in demand in 1966 as in 1965.

Final Demand and its Sources of Supply
Value of Change from Preceding Year ^{1/}
(Billions of Dollars)

	1964	1965	1966
<u>Demand</u>			
Persons	\$ 2.2	\$ 2.4	\$ 2.8
Government	0.6	0.9	1.6
Business investment	1.4	2.1	1.6
Plant and equipment	1.2	1.4	1.5
Housing	0.3	0.1	0.1
Inventory change.....	-0.1	0.6	--
Non-residents (exports)	1.4	0.6	1.7
Residual error	-0.2	--	-0.3
Increase in total demand	<u>5.3</u>	<u>6.1</u>	<u>7.3</u>
<u>Supply</u>			
Domestic production	3.7	4.7	5.3
Non-residents (imports)	1.3	1.4	1.7
Residual error	0.2	--	0.3
Increase in total supply	<u>5.3</u>	<u>6.1</u>	<u>7.3</u>
Percentage of increased demand met by non-residents	25	23	23

^{1/} Components will not necessarily sum to totals because of rounding.

Turning to the income side, the salient features of the year were an increase in labour income of nearly 13 per cent that was one of the largest year-to-year gains since 1951, a 34 per cent rise in farm income resulting from a record western grain crop, and a fractional decline in corporation profits, following increases in this component over the past five successive years.

On the labour supply side a sizeable increase in immigration, and increasing participation rates coupled with a decline in agricultural employment, caused the non-agricultural labour force to increase by 5 per cent. Non-agricultural employment rose by 5½ per cent. The unemployment rate for Canada, at 3.6 per cent in 1966, declined slightly from the 3.9 per cent rate of 1965.

Industrial disputes were also a feature of 1966. Work stoppages resulting from some of these disputes caused a loss of close to five million man-working days, more than double that of 1965. In response to factors such as the tight employment market and wage demands that were vigorously pressed in various industries, wage rates rose sharply. In contrast to productivity increases for the commercial non-agricultural sector of the economy averaging between 2½ and 3 per cent per annum in recent years, preliminary indications are that productivity gains in 1966 were much reduced. Thus, the sharp increase in wage rates greatly outpaced productivity gains, resulting in a notable rise in unit labour costs.

Price Movements

Aggregate price change as measured by the implicit price index of Gross National Expenditure rose by 4.6 per cent in 1966 as compared with 2.8 per cent in 1965. The following table shows year-to-year changes in the prices of major components of GNP since 1961.

Implicit Price Indexes
Percentage Change from the Preceding Year

	1962	1963	1964	1965	1966
Personal expenditure	1.3	1.5	1.5	1.9	3.5
Non-durable goods	1.1	1.8	1.6	2.0	4.1
Durable goods	-0.3	0.4	-1.0	-0.4	0.0
Total goods	0.8	1.4	1.0	1.4	3.3
of which: food	1.9	2.7	1.5	2.8	6.1
non-food goods	0.3	0.7	0.9	0.8	1.8
Services excluding net expenditure abroad	1.7	1.4	2.4	2.8	3.9
Government expenditure.....	2.7	4.1	3.2	4.1	6.9
Business gross fixed capital formation	2.8	3.1	4.4	4.3	3.8
New residential construction	2.9	3.4	5.5	4.9	5.0
New non-residential construction	2.2	3.4	4.4	6.1	5.3
New machinery and equipment	3.0	2.6	3.8	2.6	2.1
Exports	3.1	1.2	1.9	1.2	3.3
Imports	4.1	2.9	1.2	0.4	1.8
Gross national expenditure	1.5	1.8	2.6	2.8	4.6

Viewed in perspective, prices of personal expenditure, government expenditure and exports all showed significantly higher rates of increase in 1966 than in the preceding four years. Price increases for imports, while higher than in 1964 and 1965, were less than in 1962 and 1963 when the price effects of devaluation were evident. In business gross fixed capital formation, the rate of increase was slightly less than in 1964 and 1965, when sales taxes on production machinery and on building materials were increased.

A glance at the components of personal expenditure reveals the strong increases in the price of food. Most of the increase in food prices was shown by meats and dairy products. Meat prices began to move up strongly in the third quarter of 1965, but by the fourth quarter of 1966 the upwards movement had reversed. In services during 1966 there was more of an increase in the price of rents than had been noted in recent years. Prices associated with household services and education showed increases greater than 10 per cent and communication showed little price change. Within durables there were mixed movements. New car prices declined by over 1 per cent while furniture and jewellery rose by approximately 4 per cent. The increase of 2 per cent in the Ontario Sales Tax in the second quarter had a significant effect on the rise in prices of durables and of non-food goods as a whole.

In 1965, both the wage and material components of construction showed notable increases. In 1966 advances in material prices were moderate, while wage rates rose by more than in 1965.

The rise in export prices is of interest. In this area price increases were centered in the categories of live animals, food feed beverages and tobacco, and fabricated materials. Within foodstuffs, significant increases occurred in prices of wheat, meat and preparations, and tobacco. In fabricated materials, newsprint, fertilizer, copper, nickel, and their alloys all showed significant increases. For most of these items the increases in the Canadian export prices reflected world market conditions. Thus the $3\frac{1}{2}$ per cent increase in export prices, coupled with an increase of less than 2 per cent in import prices, indicates an improvement in the Canadian terms of trade. Discounting these price increases, the volume of merchandise exports increased by 15 per cent in 1966 as compared with 5 per cent in 1965.

The Components of Demand

Consumer Expenditure

Total personal expenditure on goods and services reached a level of \$34.8 billion in 1966, an increase of better than $8\frac{1}{2}$ per cent over the preceding year. This rise consisted of increases of $9\frac{1}{2}$ per cent in outlays on non-durable goods, almost 9 per cent in services, and some 4 per cent in durables. A gain of $9\frac{1}{2}$ per cent in personal disposable income permitted not only this level of spending but also a sharp increase in the level of personal saving.

Although all three major components of consumer expenditure shared in the rise, which was the largest percentage increase since 1952, the gain was somewhat unevenly distributed and of a different pattern from that of the two preceding years. In non-durables, the $9\frac{1}{2}$ per cent gain compares with rises of $6\frac{1}{2}$ and $7\frac{1}{2}$ per cent in 1964 and 1965 respectively. (In real terms, the increases were around 5 per cent for each of the three years.) In durables, the 4 per cent rise in 1966 compares with increases of $10\frac{1}{2}$ and $11\frac{1}{2}$ per cent in 1964 and 1965. This gain in durables is the lowest since 1961. In services, the 9 per cent increase matches the gain of 1964 and is about 1 per cent above the rise of 1965.^{1/}

The large increase in outlays on non-durable goods was broadly based, although much of this increase represented price rises rather than gains in real terms. For example, food outlays were up by about $7\frac{1}{2}$ per cent in value terms, but only by 1 per cent in real terms; clothing by 6 per cent (value) and 2 per cent (real); and tobacco by 6 per cent (value) and $2\frac{1}{2}$ per cent (real). Increases in outlays on alcoholic beverages and drugs and cosmetics, however, represented significant gains in both real and value terms.

The relatively small increase in outlays on durable goods was attributable mainly to an unchanged level of purchases of new and used cars from the previous year, after increases of 12 to $14\frac{1}{2}$ per cent in the three preceding years. The over-all rise in durables was due to increases of 8 per cent in toys and sporting goods, 7 per cent in furniture, $9\frac{1}{2}$ per cent in home furnishings, and 11 per cent in radios and appliances.

The 9 per cent gain in services was also broadly based. Shelter, accounting for about 40 per cent of the total, rose by $8\frac{1}{2}$ per cent, while 8 per cent increases were registered in total transportation services and medical expenditures.

Personal Expenditure - Per Cent Changes

	Year 1962 to Year 1963	Year 1963 to Year 1964	Year 1964 to Year 1965	Year 1965 to Year 1966
Total non-durables	4.3	6.4	7.3	9.6
Purchased food	4.8	5.1	5.7	7.3
Clothing (including footwear)	4.5	6.3	6.2	5.8
Alcoholic beverages	4.3	5.5	9.2	7.7
Tobacco	1.9	1.8	8.2	6.2
Total durables	9.7	10.6	11.4	4.2
New and used cars	14.5	11.8	14.2	-
Furniture	3.1	6.0	6.2	7.0
Home furnishings	7.0	11.6	8.9	9.4
Radios and appliances	4.4	7.9	8.5	10.9
Total goods	5.3	7.3	8.1	8.5
Services (including net expenditure abroad)	7.2	9.0	8.1	8.9
Shelter	8.2	6.3	6.8	8.5
Total transportation	2.1	7.4	7.9	7.9
Household operations	6.4	9.9	9.2	10.7
Total consumer expenditure	6.0	7.9	8.1	8.7

^{1/} The year-to-year changes of the major components of consumer expenditure in both current and constant dollars are depicted in the introductory chart on page 4.

Business Gross Fixed Capital Formation

Capital expenditures in 1966 amounted to \$12.2 billion, 14.7 per cent higher than the previous year. Non-residential construction and machinery and equipment outlays rose by 19.6 and 16.0 per cent respectively, while outlays on new housing advanced by only 2.5 per cent. Within the year 1966, investment in plant and equipment moved from a seasonally adjusted annual rate of \$9.9 billion in the first half of 1966 to \$10.2 billion in the second half.

In 1966, capital expenditures increased over the revised 1965 estimates for all major industrial divisions apart from forestry and construction. In manufacturing, pulp, primary metals, electrical products, non-metallic minerals, petroleum and coal products, transportation equipment, rubber and foods and beverages industries recorded advances, while the wood, textiles, printing and publishing, and chemicals industries registered declines. Mining, electric power gas and water utilities, and transportation industries made pronounced gains. Housing outlays were a significantly lower percentage of business capital spending in 1966, while mining machinery spending was a significantly higher percentage of business capital spending in 1966.

The advent of colour television in Canada in 1966 and work done on a program for satellite communication to provide telephone, live television and other telecommunication services to Canada's far north were instances of some more glamorous expansion projects during 1966.

Housing expenditures at \$2.2 billion were little changed from 1965. They rose 5.8 per cent in the first half of 1966 over the latter half of 1965, but fell 9.1 per cent between the first and second halves of 1966. Housing starts dropped from 166.6 to 134.5 thousand; completions climbed from 153.0 to 162.2 thousand; dwellings under construction fell from 119.9 at the beginning of the year to 88.6 thousand at year-end. The following figures suggest that financing difficulties slowed down the pace of home building.

Mortgage Loan Approvals Gross Basis (Dwelling Units)

	1964	1965	1966	Per Cent Change 1965-66
Under National Housing Act:				
Central Mortgage and Housing Corporation	29,939	33,942	37,560	10.7
Approved lenders	28,197	25,516	14,567	-42.9
Sub-total	58,136	59,458	52,127	-12.3
Conventional lenders	93,925	90,221	54,489	-39.6
Total	152,061	149,679	106,616	-28.8

Single-detached starts dropped only from 75 to 71 thousand, but apartment starts tumbled from 78 to 52 thousand.

Business capital spending plans for 1967, published in "Private and Public Investment in Canada - Outlook 1967", DBS 61-205, are unchanged in level overall from 1966. Manufacturers' capital budgets are markedly lower in such branches as pulp, primary metals, non-metallic minerals, metal fabricating and textiles. The most striking increase is the 1967 construction budget for electric power, gas and water utilities.

Investment in Non-Farm Business Inventories

Investment in non-farm business inventories was \$832 million in the year 1966 as compared with \$905 million in 1965. Within the year, however, there were marked differences in the rates of accumulation among the quarters. While there was virtually no change in the rate in the first quarter of 1966, the rate at which the stocks were built up in the second quarter showed a substantial gain, close to \$1.4 billion, partly as a result of a build-up of automobile stocks associated with a sharp drop in new car sales. In the third quarter of 1966, partly as a result of strike effects and partly because of a drawing down of new car inventories, the rate at which stocks were built up declined to \$0.6 billion. In the fourth quarter the rate of business inventory investment increased only fractionally.

For the year as a whole, investment in inventories at the manufacturing level was the major force contributing to expansion -- about 60 per cent of the total accumulation in 1966. Moderate increases were recorded in the stocks of wholesale and retail traders.

The major part of the accumulation in manufacturing inventories in 1966 took place in the durable goods-producing industries, about 40 per cent of which was concentrated in transportation industries. In the non-durable goods-producing industries the movement was mixed, leaving on balance a relatively small accumulation. When compared with 1965, the rate of accumulation in 1966 showed opposing changes as between the durable and non-durable goods-producing industries. The rate of increase was higher in non-durable goods industries and was mainly concentrated in the food and in the rubber producing industries. Among durables, while the rate of increase of stocks of transportation industries was significant, the rate of increase of stocks of primary metal, metal fabricating and machinery industries dropped substantially. For manufacturing as a whole the average stock-to-shipments ratio for 1966 was higher than the average of 1965.

About 70 per cent of the total increase in the stocks of wholesale traders in 1966 resulted from a general increase in the stocks of durable goods. When compared with 1965, there were opposing changes in the rate of build-up of stocks as between durables and non-durables. The increases in the stocks of wholesalers were lower in durables and higher in non-durable goods. The average stock-to-sales ratio for the year as a whole was above the average of the current expansion.

A considerable amount of accumulation was concentrated in the holdings of retail traders. While there was a significant increase in the stocks of all non-durable goods, most noticeably in the stocks of food, modest increases were recorded in the stocks of durable goods. When compared with 1965, the durables were built up at a much reduced rate tempered by a substantial drawing down of stocks of motor vehicle dealers in the third quarter of 1966. The rate of accumulation in non-durables was virtually unchanged between the two years. The average stock-to-sales ratio for the year was above the average of the current expansion.

Value of Physical Change in Non-Farm Business Inventories

	Seasonally Adjusted at Annual Rates				1966	1965	1966 minus 1965
	1966						
	1Q	2Q	3Q	4Q			
	(millions of dollars)						
Manufacturing	508	500	420	556	496	442	54
Durables	468	348	200	316	333	366	-33
Non-durables	40	152	220	240	163	76	87
Wholesale trade	-68	416	76	76	125	118	7
Retail trade	284	412	76	-160	153	249	-96
Other industries	68	64	-8	108	58	96	-38
Grand total	792	1,392	564	580	832	905	-73

Exports and Imports of Goods and Services

During 1966 the deficit in Canada's external account declined by \$40 million on a national accounts basis. This improvement resulted from a rise of \$262 million in the surplus on merchandise trade -- as increased export sales outpaced the climb in import demand -- more than offsetting a deterioration of \$222 million in non-merchandise trade. About 85 per cent of the latter can be ascribed to higher deficits in the interest and dividend account and miscellaneous service (business services, government expenditures, etc.) account.

Exports and Imports of Goods and Services
Percentage Change from Preceding Year

	Goods		Services		Total	
	Exports	Imports	Exports	Imports	Exports	Imports
1962	8.3	8.5	7.9	1.9	8.2	6.3
1963	11.0	6.1	8.0	5.6	10.3	5.9
1964	16.4	14.6	11.7	11.2	15.3	13.5
1965	6.0	14.5	6.7	8.3	6.2	12.6
1966	17.4	14.6	7.8	11.2	15.4	13.6

Trade of Canada export figures for 12 months show a rise of \$1,548 million. Important export gains were made by food feed beverages and tobacco -- mainly wheat, crude metals and non-metallic minerals, pulp and paper, fabricated metals, machinery and, notably, transportation equipment. Import figures for the 11 months show a rise of \$1,160 million. Machinery required for investment purposes, other equipment and tools such as measuring and laboratory equipment, computers, other office machinery and equipment and, notably, transportation equipment, highlighted this increase.

An improvement of \$262 million in the merchandise trade surplus between 1965 and 1966 came from a smaller trade deficit with the United States which, coupled with an improvement of \$208 million in the surplus with other countries, more than offset a drop of \$62 million in the trade surplus with the United Kingdom.

Merchandise Trade
(Trade of Canada Basis, Millions of Dollars)

	Domestic Exports			Imports		
	12 months			11 months		
	1965	1966	Change	1965	1966	Change
Live animals	79	78	-1	10	11	1
Food, feed, beverages, tobacco	1,630	1,889	259	686	717	31
Inedible crude materials	1,763	1,947	184	910	944	34
Animal, vegetable products	190	225	35	118	134	16
Metals	862	934	72	183	189	6
Non-metallic minerals	621	704	83	457	482	25
Textiles, allied	15	11	-4	116	106	-10
Inedible fabricated materials	3,729	4,013	284	1,925	2,055	130
Lumber, wood	602	592	-10	65	68	3
Pulp, paper, allied	1,432	1,576	144	65	65	-
Chemicals, allied	323	364	41	421	444	23
Metals and products	1,182	1,279	97	685	728	43
Non-metallic minerals	57	63	6	123	140	17
Textiles, allied	49	47	-2	274	295	21
Inedible end products ^{1/}	1,298	2,119	821	4,070	4,984	914
Machinery	322	393	71	1,261	1,461	200
Transportation, communication equipment	668	1,345	677	1,447	1,951	504
Other equipment, tools	175	211	36	648	785	137
Personal, household goods	52	60	8	294	317	23
Miscellaneous	81	110	29	421	471	50
Special trade transactions	24	25	1	245	296	51
Total	8,523	10,071	1,548	7,487	9,007	1,160

^{1/} Sub-totals may not add due to rounding.

The Government Sector

Total revenues of all levels of governments combined (excluding inter-government transfers) increased by \$2.4 billion in 1966 to reach a level of \$18.8 billion, or almost 15 per cent above that of 1965. Approximately 30 per cent of this increase resulted from receipts in regard to the Canada and Quebec pension plans. Federal receipts exclusive of the pension plan increased by 8 per cent in 1966 compared with $9\frac{1}{2}$ per cent in 1965, while provincial and municipal receipts increased by over 13 per cent in both 1965 and 1966. Expenditures by the various levels of government were up more sharply than non-pension plan receipts: at the federal level by 14 per cent in 1966 compared with $6\frac{1}{2}$ per cent in 1965 while at the provincial-municipal level by $15\frac{1}{2}$ per cent in 1966 compared with 13 per cent in 1965. The effect of these various flows was to increase the surplus for all levels of government combined by a marginal \$34 million. This increase was entirely attributable to the receipts from the pension plans, because excluding these the federal surplus was reduced by \$444 million to a surplus of \$124 million, while the combined provincial-municipal deficit was increased by \$236 million reaching a total of \$558 million for the year 1966.

Aside from the surge in receipts resulting from the inception of the Canada and Quebec pension plans in January of 1966, with the exception of revenues from the corporate income tax all components of government revenues increased sharply in 1966, mainly as a result of generally buoyant economic conditions. In addition, higher general retail sales tax rates in Ontario and extended tax bases in Ontario and Quebec reinforced revenue gains from indirect taxes.

Total revenue from direct taxes rose by \$548 million, with almost all the gain being from personal taxes. The share of the increase going to provincial governments was somewhat greater than that accruing to the federal government because of a further abatement to the provinces of 3 percentage points of basic income tax on January 1, 1966. Indirect taxes for all levels of government increased by some $10\frac{1}{2}$ per cent, in part reflecting the afore-mentioned increase in rates.

Expenditures on goods and services for all levels of government combined rose by a striking $16\frac{1}{2}$ per cent, with increases at the federal level of 19 per cent and at the provincial-municipal level of 15 per cent. At the federal level 75 per cent of the increase occurred in outlays on non-defence goods and services. Defence expenditures rose by 10 per cent.

Components of Income

Compared with the previous year, labour income in Canada increased by about $12\frac{1}{2}$ per cent in 1966, in spite of the fact that it was a year marked by severe industrial disputes. About half the increase reflected additional employment in the non-agricultural industries, while the balance was due to increased average earnings, mainly from higher wages but in some cases from longer average weekly hours, particularly construction, and more overtime. The increase in the number of persons employed came mainly from school leavers and immigrants but also from an increased percentage of women participating in the labour force. Participation rates for men were virtually unchanged. Unemployment rates on average were slightly lower in 1966 than 1965.

Goods-producing industries accounted for more of the increase in payrolls than did service industries: 13 per cent compared with 11 per cent. However, in the latter half of the year the trend was reversed and incomes advanced more quickly in the service industries. The primary industries showed a $7\frac{1}{2}$ per cent increase in labour income in 1966, somewhat less than the average. The largest increase involved mining where most of the rise was in average earnings, due to both higher wage rates and some shift toward the more highly paid sectors, such as iron or petroleum.

Manufacturing, up by $11\frac{1}{2}$ per cent, continued the steady increase noted in 1965, absorbing almost its share of additional employment. The construction industry continued to expand and was responsible for increased salaries and wages of almost 25 per cent. Part of the increase resulted from a lessening of the seasonal decline associated with that industry and part was a result of greater emphasis on engineering projects where hourly earnings are significantly higher. The average weekly hours worked in the construction industry also increased. Over the year this industry appears to have attracted more than the national average increase in numbers of employees. Average weekly earnings in construction increased by an even higher proportion.

Service-producing industries, responsible for about 58 per cent of wage and salary payments in Canada, had income increases almost as high as the goods-producing industries but with somewhat higher employment gains and less in average weekly earnings. Greatest gains were in the trade and service sections, 11 per cent and 14 per cent respectively. These industries might have attracted more part-time employees, for example, from among students or housewives. Proportionately lower payroll increases were evident in transportation and other public utilities, 8 per cent; these industries being generally less cyclically sensitive, experienced about average increases in earnings. Finance insurance and real estate also had lower rates of increase, $8\frac{1}{2}$ per cent.

Government employees payrolls increased by more than the average in 1966. Retroactive payments made in 1966, but pertaining to 1965, were partly responsible for the large increase of 15 per cent in federal non-military payments. However, provincial governments also had large payrolls, 13 per cent. In part the rise in government payrolls was due to relatively low increases in the earlier years.

Supplementary labour income substantially increased in 1966 by $23\frac{1}{2}$ per cent, mainly a result of the Canada and Quebec Pension Plans.

Corporation Profits

Corporation profits (before taxes and before dividends paid to non-residents) were \$5.2 billion in 1966, showing virtually no change from the 1965 level. A quarter-to-quarter comparison through the years 1965 and 1966 indicates a rising level of profits in the second and third quarters of 1965, with little change in the two following quarters. Following a decline in the third quarter, profits in the fourth quarter almost regained levels attained in the latter part of 1965.

Profits in the manufacturing group fell by about 2 per cent in 1966. A gain of 25 per cent was recorded by the petroleum and coal industry with relatively smaller gains recorded in the rubber, wood, printing, electrical apparatus, chemical, and miscellaneous categories. On the other hand, the textile and paper industries experienced declines of 24 and 23 per cent respectively. The metal and non-metallic mineral industries both had declines of about $7\frac{1}{2}$ per cent.

Wholesale trade profits advanced by nearly 11 per cent, service trade profits by nearly 16 per cent, and transportation, communication and storage by 9 per cent, while retail trade profits dropped by almost 5 per cent, mining by 5 per cent, and finance insurance and real estate by nearly 3 per cent.

Other Investment Income

Rent, interest and miscellaneous investment income rose by 10 per cent over 1965, compared to an increase of 9 per cent between 1964 and 1965. Government investment income for all levels combined rose by \$172 million in 1966 with an increase of \$45 million at the federal level and an increase of \$127 million at the provincial-municipal level. Subsidies to the railways in 1966 were higher than in 1965.

Accrued Net Income of Farm Operators

Accrued net income of farm operators increased to \$2,204 million in 1966, 34 per cent over that of the year 1965. Components showed increases over the previous year's totals, the largest gain occurring in grain production. With expenses increasing by less than the rise in cash income, net income advanced by more than cash income. The value of the record 1966 grain crop at \$1,564 million was 20 per cent above the 1965 level and surpassed the previous record of \$1,381 million in 1963 by 13 per cent.

Cash income from the sale of livestock increased by approximately 15 per cent, due mainly to higher prices. Dairy products, partly reflecting much higher federal and provincial dairy subsidies, together with rapeseed and soybeans mainly were responsible for increases in income from other farm products.

Net Income of Non-Farm Unincorporated Business

During 1966 net income of non-farm unincorporated business increased to \$2,949 million, $2\frac{1}{2}$ per cent over the 1965 total. The service industries showed small increases but these were partially offset by a decline in manufacturing and retail trade.

Production by Industry

Real Gross Domestic Product less agriculture in 1966 increased by $6\frac{1}{2}$ per cent over 1965. This compares with a gain of 7 per cent for 1965. Most major industry groups continued to rise by more than the post-war average rates of growth. Manufacturing, which advanced more than 7 per cent, accounted for 37 per cent of the increase in non-agricultural real output. Other major industry groupings that contributed significantly to the over-all gain were transportation storage and communication, 8 per cent, trade, $4\frac{1}{2}$ per cent, and finance insurance and real estate, 5 per cent. Increases over 1965 of 7 per cent, $12\frac{1}{2}$ per cent, and $6\frac{1}{2}$ per cent respectively, occurred in construction, electric power and gas utilities, and mining.

FOURTH QUARTER 1966

In the fourth quarter of 1966, gross national product advanced by 2.0 per cent from the strike-affected third quarter to reach a level of \$59.1 billion. With prices increasing by 1 per cent, approximately one-half of the change in GNP represented a gain in real terms.

The main sources of increased demand in the fourth quarter were consumer spending and business investment in plant and equipment. Personal spending on non-durable goods and on services continued to advance by $2\frac{1}{2}$ and 2 per cent respectively. A one per cent decline in outlays on durable goods, caused entirely by reduced expenditures on new cars, moderated the advance in consumer spending at the aggregate level to 2 per cent. Business spending on plant and machinery advanced by $5\frac{1}{2}$ per cent following a third quarter decline.

Both expenditures by governments on goods and services and outlays on new residential construction showed moderate declines in the fourth quarter. Government purchases showed divergent movements as between the various levels of government, with federal expenditures increasing and provincial-municipal outlays declining, partly because of reduced capital outlays.

Exports of goods and services rose by a moderate $1\frac{1}{2}$ per cent in the fourth quarter, in contrast to the strong 4 per cent third quarter advance. The same pattern was evident in imports of goods and services, wherein the fourth quarter gain of $2\frac{1}{2}$ per cent compared with a third quarter increase of $4\frac{1}{2}$ per cent. Within the merchandise components, there was a gain of $3\frac{1}{2}$ per cent in merchandise imports, that in part reflected an increased pace of domestic investment in machinery and equipment. Merchandise exports increased by $1\frac{1}{2}$ per cent. Payments for services declined fractionally. As a result of these transactions there was a slight widening of the current account deficit on a national accounts basis.

Turning to the income side, labour income showed a rise of close to 3 per cent, while profits increased by 8 per cent, in part because of irregularly high fourth quarter railway subsidies. The latter were also responsible for the decline in indirect taxes less subsidies.

Price Movements

In the fourth quarter of 1966 the price component of gross national product advanced by 1 per cent at a rate slightly less than that of the preceding quarter.

Consumer prices advanced by 0.9 per cent. A notable feature in this sector has been the decline in the rate of increase in food prices throughout the year. In the fourth quarter, food prices showed no change from the level of the third quarter. Prices of consumer goods other than food, which have been showing only fractional increases except for the second quarter of the year when the increase in the Ontario sales tax was effected, advanced by a little over 1 per cent in the fourth quarter. Discounting seasonality, significant price increases were noted in clothing, furniture, household supplies, tobacco, and gas oil and grease. New car prices also increased from their low third quarter level. This third quarter price decline was accompanied by a high volume of sales, part of which came from existing stocks rather than new production. Service prices continued to advance at a 1 per cent rate.

Capital goods prices rose more in the fourth quarter than in the third, in construction largely because of an increase in wage rates. Prices of exports rose by 0.6 per cent compared with an advance of 1.7 per cent in the preceding quarter and import prices rose by about 1 per cent.

Implicit Price Indexes
(Seasonally Adjusted)
Percentage Change from Preceding Quarter

	I/66	II/66	III/66	IV/66
Personal expenditure	1.3	1.1	0.51/	0.9
Non-durable goods	1.8	1.0	0.51/	0.5
Durable goods	-0.5	1.0	-0.31/	1.3
Total goods	1.3	1.4	0.41/	0.8
of which: food	3.1	1.1	0.5	0.0
goods other than food	0.4	1.2	0.31/	1.2
Services, excluding net expenditure abroad	1.2	1.0	1.0	1.0
Government expenditure	3.01/	0.61/	1.51/	2.11/
Business gross fixed capital formation	1.3	1.0	0.7	1.5
New residential construction	1.6	0.9	1.1	2.3
New non-residential construction	1.4	1.5	1.1	1.5
New machinery and equipment	0.7	0.7	0.5	1.4
Exports	0.8	0.9	1.71/	0.61/
Imports	0.3	0.3	0.6	1.0
Gross national expenditure	1.7	1.0	1.2	0.9
(Base-weighted price index of gross national expenditure)	1.4	1.6	1.2	1.0

1/ The implicit price indexes in some quarters may not provide reasonable measures of price change as a result of marked quarter-to-quarter changes in expenditure patterns. Such was the case notably in the third quarter of 1966. The quarter-to-quarter changes footnoted in the table are based on price indexes in which the effect of changes in expenditure patterns has been discounted.

The Components of Demand

Personal expenditure reached a level of \$36.0 billion, seasonally adjusted at annual rates, in the fourth quarter, a further increase of 2 per cent that followed the record $3\frac{1}{2}$ per cent rise in the third quarter. The 2 per cent fourth quarter increase was spread among the major components as follows: a rise of $2\frac{1}{2}$ per cent in non-durable outlays, more than 2 per cent in services and a decline of 1 per cent in durables following on a $12\frac{1}{2}$ per cent increase in that component in the preceding quarter.

Personal income advanced by 2.7 per cent, while personal disposable income rose by approximately 2½ per cent after allowing for a 5 per cent increase in personal taxes. This permitted not only a high level of consumer expenditures but also an increase in personal saving of \$240 million, following a decline of some \$560 million in the third quarter.

Within the durables category, the dominant item, and the one responsible for the decline, was new car purchases which fell some 6 per cent (although purchases of European cars increased by $5\frac{1}{2}$ per cent). Furniture and home furnishing sales were just about unchanged, while purchases of appliances and radios increased by 2 per cent as against 8 per cent in the previous quarter.

Within non-durables outlays on components such as electricity, household supplies and alcoholic beverages showed increases.

Movements among service components were not uniform. Increases of 3 to $3\frac{1}{2}$ per cent were shown in personal care, household operations and shelter, while increases of $1\frac{1}{2}$ per cent occurred in personal services, medical care, and miscellaneous services. Purchased transportation declined by 5 per cent, largely due to the Air Canada strike in November.

Business fixed capital spending, including residential construction, rose by 4.3 per cent from the third to fourth quarter to reach an annual rate of \$12.5 billion after allowance for seasonal factors.

The value of housing put in place dropped 2 per cent. Housing starts fell from 129.9 to 124.9 thousand at annual rates, while completions dropped from 171.9 to 156.3 thousand units. The decline in starts for urban areas was confined to apartment construction.

Business outlays for plant and equipment amounted to an annual rate of \$10.5 billion, 5½ per cent above the third quarter, with structures up 8 per cent, and equipment up 3½ per cent.

The build-up of goods in inventory in the fourth quarter of 1966 continued at a rate slightly higher than that of the previous quarter. Seasonally adjusted estimates show a stock increase of \$580 million at annual rates, compared with \$564 million in the third quarter. The strength in the total accumulation was entirely due to a heavy investment in manufacturing inventories. Investment in wholesale trade inventories was only 13 per cent of the total accumulation, and a significant liquidation occurred in the holdings of retail traders, partly reflecting an increase in demand.

Investment in manufacturers' total stocks owned amounted to \$556 million seasonally adjusted at annual rates. A considerable advance in both the durable and the non-durable goods-producing industries formed the basis for this growth, with the exception of non-metallic mineral products in durables and tobacco, and coke and petroleum in non-durable goods industries, where the stocks were drawn down.

Within wholesale trade, despite a considerable build-up of stocks of almost all the non-durable goods, only a small accumulation took place at the total level, because stocks of durable goods were liquidated. The stock-to-sales ratio for the industry as a whole was lower than the ratio of the previous quarter.

After a marked build-up of stocks in the second quarter, investment in retail channels slackened noticeably in the third quarter, and the current quarter ended with a liquidation of stocks. The liquidation was widespread both among durable and non-durable goods industries. The impact of these depletions was to some extent offset by an increased rate of accumulation in food trades. The stock-to-sales ratio for the industry was higher than the ratio of the previous quarter.

The deficit in the external account on a national accounts basis widened slightly in the fourth quarter. In this quarter, the change resulted from a drop of \$180 million in the merchandise trade surplus, partly offset by a \$44 million smaller deficit in non-merchandise trade.

Discounting seasonality, fish, newsprint, fertilizers, aluminum, nickel, iron ore, crude petroleum, natural gas, motor vehicles, farm and non-farm machinery made export gains. Wheat clearances, lumber, wood pulp, copper, zinc and asbestos recorded declines. Data are not available to identify import commodity changes corrected for usual seasonal movements.

Improvement in service transactions mainly concentrated in the miscellaneous account (official contributions to abroad declining from their high third quarter level) offsetting a worsening in the interest and dividend account.

Exports and Imports of Goods and Services
Quarter-to-Quarter Percentage Change
(Seasonally Adjusted Data)

	Goods		Services		Total	
	Exports	Imports	Exports	Imports	Exports	Imports
1965 - 1st quarter	2.3	6.3	-1.7	-1.0	1.4	4.0
2nd quarter	3.4	2.4	2.7	6.1	3.3	3.5
3rd quarter	3.0	4.1	3.5	1.6	3.1	3.3
4th quarter	5.7	9.3	-4.3	0.4	3.5	6.6
1966 - 1st quarter	6.9	0.9	6.7	3.6	6.9	1.7
2nd quarter	0.3	1.6	1.1	0.8	0.4	1.3
3rd quarter	4.7	3.2	2.0	8.3	4.2	4.6
4th quarter	1.7	3.6	0.6	-0.7	1.5	2.3

The Government Sector

Total expenditures of all levels of government combined, excluding inter-governmental transfers, increased by just over 3 per cent in the fourth quarter from the third quarter. However, there were divergent movements in the two levels of government which reflected irregular factors in both the third and fourth quarters. Federal total expenditures increased sharply, by 9 per cent, while provincial-municipal total expenditures declined slightly.

The higher federal outlays occurred mainly in expenditures on goods and services and subsidies. The major portion of the gain in goods and services was centered in defence expenditures, about half of which resulted from pay increases to members of the armed forces. The increase in subsidies was caused by irregularly large interim payments made to the railways in the fourth quarter.

At the provincial-municipal level, expenditures on goods and services declined by 4 per cent from an unusually high third quarter rate and were largely due to lower capital outlays. This decline more than offset a sharp increase in transfer payments, mainly higher grants to hospitals and welfare-type institutions, at the provincial level.

Total revenues of all levels of government combined increased by $2\frac{1}{2}$ per cent during the quarter, somewhat less than the increase in expenditures. A large part of the gain accrued in taxation revenue, particularly from personal direct taxes, and reflected continuing high levels of employment and incomes. At the federal level there was a notable increase in investment income which was associated with the large interim payments made to railways.

With expenditures rising more rapidly than revenues during the quarter, a deficit on a national accounts basis of \$52 million at annual rates was registered for all governments combined. The federal government moved from a surplus of \$164 million in the third quarter to a deficit of \$364 million. At the provincial-municipal level, the deficit narrowed by about \$400 million from an unusually high rate in the third quarter.

The Components of Income

Seasonally adjusted labour income in the fourth quarter of 1966 increased from the third quarter by 3 per cent. This increase was somewhat exaggerated by the fact that there were substantial industrial disputes in the third quarter and relatively few in the fourth quarter. Both periods were inflated by large retroactive wage and salary payments. If the effect of industrial disputes and retroactive adjustments were eliminated, labour income would have increased by about 2 per cent in the fourth quarter, roughly continuing the upward trend of the previous six months, though apparently at a slightly reduced pace from that shown in the fourth quarter 1965 and the first quarter of 1966.

The continued upward trend in wages and salaries was generated in all industries except agriculture, fishing and trapping. There appeared to be less of a rise in manufacturing than was noted in the previous quarter.

Construction industry wages and salaries increased $3\frac{1}{2}$ per cent reflecting a partial recovery from the third quarter. Incomes in transportation and public utilities, although 7 per cent higher than in the third quarter, were affected by both labour disputes and retroactive wage payments, submerging any normal trend. Government wage and salary payments in the fourth quarter equalled those of the third quarter in spite of the retroactive payments made in the third quarter. Discounting these, payments increased by about 3 per cent. Trade, finance and service industries all appeared to continue the increases indicated for the last six months.

Fourth quarter corporation profits rose to a seasonally adjusted annual rate of \$5,288 million, about 8 per cent above the third quarter level. A large part of this increase in the fourth quarter resulted from railway subsidy payments.

Total manufacturing profits rose by 9 per cent over the third quarter, but a mixed picture of increases and decreases was experienced within this group. Substantial gains were made by the paper, metal, electrical apparatus, and petroleum and coal industries but offsetting declines developed in the textile, rubber, non-metallic mineral and chemical industries.

Advances in profits were recorded in the transportation, storage and communication, electric power gas and water, wholesale trade, service, and finance insurance and real estate industries.

Retail trade profits dropped somewhat from the third to the fourth quarter of 1966, and mining also fell $15\frac{1}{2}$ per cent.

Rent, interest and miscellaneous investment income rose by \$252 million or $6\frac{1}{2}$ per cent from the level of the third quarter, on a seasonally adjusted basis. Government investment income was up by \$124 million, following a decline of \$108 million in the third quarter. Of the \$124 million increase, \$72 million reflected higher trading profits of government enterprises, in part associated with irregularly high railway subsidies in the fourth quarter.

Accrued net income of farm operators, seasonally adjusted at annual rates, was down about 5 per cent from the third to the fourth quarter of 1966. Income from grain production declined sharply, but this was partly offset by small increases in livestock production and income from the sale of dairy products.

Net income of non-farm unincorporated business was virtually unchanged from the third quarter level, with retail trade and services, the major industries, showing only marginal increases.

Production by Industry

Real gross domestic product at factor cost, less agriculture, increased by 2 per cent between the third and fourth quarters of 1966.

Manufacturing, which advanced $1\frac{1}{2}$ per cent, accounted for 26 per cent of the gain in the non-agricultural real output. Approximately 60 per cent of the advance in manufacturing was in durables, which rose by almost 2 per cent, while non-durables increased by more than 1 per cent.

Almost all the rise in durables manufacturing was the result of increased production of electrical apparatus and supplies and transportation equipment. The increase in the manufacture of non-durables was largely concentrated in textile products and total food products.

Increasing by $4\frac{1}{2}$ per cent, transportation, storage and communication accounted for 24 per cent of the total gain in non-agricultural real output. More than three quarters of this increase was recorded for transportation and almost one quarter for communication. Within transportation a strong recovery in railways from the strike-affected third quarter was partly offset by declines in air transport and stevedoring both of which were affected by strikes in the fourth quarter.

Wholesale and retail trade rose by almost 2 per cent, contributing $12\frac{1}{2}$ per cent to the fourth quarter increase. Of the total rise in trade, only 3 per cent was attributed to wholesale trade.

Mining, which rose by $4\frac{1}{2}$ per cent, contributed $14\frac{1}{2}$ per cent to the total gain in output. This rise was sparked by iron ore and crude petroleum.

Finance insurance and real estate was another of the major industries that contributed to the increase.

Technical Note

The Balance of Payments Division revised data for 1964 and 1965 in the second quarter of 1966. The revised figures are shown in the "Quarterly Estimates of the Canadian Balance of International Payments", DBS 67-001, starting with their report for the second quarter of 1966. These revisions have not been incorporated in the national accounts. However, the correct relationships between accounting periods were maintained by introducing adjusting entries. The revised balance of payments figures on a national accounts basis are shown in footnotes to Tables 2, 8, 12 and 18.

TABLES UNADJUSTED FOR SEASONAL VARIATION

TABLE 1. National Income and Gross National Product, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
Wages, salaries, and supplementary labour income	6,026	6,431	6,741	6,835	26,033	6,840	7,269	7,571	7,644	29,324
Military pay and allowances	145	153	149	140	587	168	145	147	161	621
Corporation profits before taxes	1,055	1,409	1,330	1,405	5,199	1,124	1,449	1,234	1,380	5,187
Deduct: Dividends paid to non-residents(1)	- 178	- 155	- 161	- 257	- 751	- 182	- 155	- 156	- 323	- 816
Rent, interest and miscellaneous investment income	833	845	874	1,002	3,554	921	948	947	1,087	3,903
Accrued net income of farm operators from farm production(2)	10	100	1,305	230	1,645	100	201	1,662	241	2,204
Net income of non-farm unincorporated business(3)	581	720	712	864	2,877	622	712	722	893	2,949
Inventory valuation adjustment(4)	- 41	- 117	- 55	- 112	- 325	- 118	- 86	- 65	- 49	- 318
NET NATIONAL INCOME AT FACTOR COST	8,431	9,386	10,895	10,107	38,819	9,475	10,483	12,062	11,034	43,054
Indirect taxes less subsidies	1,693	1,780	1,841	1,858	7,172	1,902	1,962	2,002	1,934	7,800
Capital consumption allowances and miscellaneous valuation adjustments	1,432	1,546	1,516	1,616	6,110	1,554	1,691	1,613	1,733	6,591
Residual error of estimate	- 104	- 24	70	66	8	- 92	35	229	164	336
GROSS NATIONAL PRODUCT AT MARKET PRICES ..	11,452	12,688	14,322	13,647	52,109	12,839	14,171	15,906	14,865	57,781
(Gross national product at market prices excluding accrued net income of farm operators)	(11,442)	(12,588)	(13,017)	(13,417)	(50,464)	(12,739)	(13,970)	(14,244)	(14,624)	(55,577)

(1) Includes the withholding tax applicable to this item.

(2) Includes change in farm inventories as shown in line 11, Table 4. An adjustment has been made to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board.

(3) Includes net income of independent professional practitioners.

(4) See footnote 4, Table 2.

TABLE 2. Gross National Expenditure, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
Personal expenditure on consumer goods and services	7,310	7,976	7,828	8,949	32,063	8,059	8,553	8,556	9,672	34,840
Government expenditure on goods and services(1,2)	2,091	2,427	2,606	2,472	9,596	2,438	2,676	3,177	2,878	11,169
Business gross fixed capital formation(3)	2,136	2,650	2,866	2,999	10,651	2,626	3,218	3,116	3,254	12,214
New residential construction	469	510	548	597	2,124	514	564	536	564	2,178
New non-residential construction	714	912	1,219	1,179	4,024	920	1,187	1,356	1,348	4,811
New machinery and equipment	953	1,228	1,099	1,223	4,503	1,192	1,467	1,224	1,342	5,225
Value of physical change in inventories(4)	214	- 15	1,085	- 336	948	45	120	1,219	- 389	995
Non-farm business inventories	492	96	164	153	905	390	272	67	103	832
Farm inventories and grain in commercial channels	- 278	- 111	921	- 489	43	- 345	- 152	1,152	- 492	163
Exports of goods and services(5)	2,264	2,764	3,093	3,035	11,156	2,682	3,195	3,572	3,420	12,869
Deduct: Imports of goods and services(5)	- 2,667	- 3,138	- 3,086	- 3,406	- 12,297	- 3,104	- 3,557	- 3,504	- 3,805	- 13,970
Residual error of estimate	104	24	- 70	- 66	- 8	93	- 34	- 230	- 165	- 336
GROSS NATIONAL EXPENDITURE AT MARKET PRICES	11,452	12,688	14,322	13,647	52,109	12,839	14,171	15,906	14,865	57,781

(1) Includes outlays on new durable assets such as building and highway construction by governments, other than government business enterprises. Also includes net purchases of government commodity agencies.

(2) For details of defence expenditures see line 3, Table 6.

(3) Includes capital expenditures by private and government business enterprises, private non-commercial institutions, and outlays on new residential construction by individuals and business investors.

(4) The book value of inventories is deflated to remove the effect of price changes and the derived "physical" change is then valued at average prices of the current period to obtain the value of physical change. The difference between this value of physical change and the change in book value is called the inventory valuation adjustment. (See line 8, Table 1).

(5) Revised figures not incorporated into the Accounts as per note on page 21.

Exports	2,289	2,784	3,123	3,057	11,253	2,707	3,215	3,602	3,442	12,966
Imports	2,683	3,150	3,089	3,414	12,336	3,120	3,569	3,507	3,813	14,009

TABLE 3. Source of Personal Income, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
Wages, salaries, and supplementary labour income	6,026	6,431	6,741	6,835	26,033	6,840	7,269	7,571	7,644	29,324
Deduct: Employer and employee contributions to social insurance and government pension funds	- 232	- 231	- 247	- 249	- 959	- 384	- 477	- 487	- 468	- 1,816
Military pay and allowances	145	153	149	140	587	168	145	147	161	621
Net income received by farm operators from farm production(1)	262	55	1,226	146	1,689	275	112	1,525	136	2,048
Net income of non-farm unincorporated business	581	720	712	864	2,877	622	712	722	893	2,949
Interest, dividends and net rental income of persons(2)	998	1,015	1,019	1,097	4,129	1,084	1,111	1,129	1,212	4,536
Transfer payments to persons:										
From government (excluding interest)	1,204	1,104	1,096	1,098	4,502	1,276	1,217	1,224	1,289	5,006
Charitable contributions by corporations	11	11	11	11	44	11	11	11	11	44
PERSONAL INCOME	8,995	9,258	10,707	9,942	38,902	9,892	10,100	11,842	10,878	42,712

(1) This item differs from line 6, of Table 1, by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.
(2) Includes all government debt interest paid to persons.

TABLE 4. Disposition of Personal Income, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
Personal direct taxes	911	1,044	958	999	3,912	1,029	1,106	1,113	1,186	4,434
Income taxes	746	914	830	865	3,355	852	968	981	1,053	3,854
Succession duties and estate taxes	42	49	60	58	209	59	53	63	53	228
Miscellaneous	123	81	68	76	348	118	85	69	80	352
Personal expenditure on consumer goods and services	7,310	7,976	7,828	8,949	32,063	8,059	8,553	8,556	9,672	34,840
Non-durable goods	3,417	3,663	3,847	4,507	15,434	3,751	4,023	4,227	4,912	16,913
Durable goods	827	1,115	889	1,170	4,001	958	1,062	951	1,198	4,169
Services(1)	3,066	3,198	3,092	3,272	12,628	3,350	3,468	3,378	3,562	13,758
Personal net saving	774	238	1,921	- 6	2,927	804	441	2,173	20	3,438
Personal saving excluding change in farm inventories	1,029	326	984	532	2,871	1,098	558	1,073	560	3,289
Value of physical change in farm inventories	- 255	- 88	937	- 538	56	- 294	- 117	1,100	- 540	149
PERSONAL INCOME	8,995	9,258	10,707	9,942	38,902	9,892	10,100	11,842	10,878	42,712
(Personal disposable income)(2)	(8,084)	(8,214)	(9,749)	(8,943)	(34,990)	(8,863)	(8,994)	(10,729)	(9,692)	(38,278)

(1) Includes net expenditure abroad.
(2) Personal Income less Total Personal Direct Taxes.

TABLE 5. Government Revenue, by Quarters, 1965 and 1966
(millions of dollars)

No.	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
Direct taxes - Persons	911	1,044	958	999	3,912	1,029	1,106	1,113	1,186	4,434
Federal	621	757	661	676	2,715	661	746	752	796	2,955
Provincial and municipal	290	287	297	323	1,197	368	360	361	390	1,479
Direct taxes - Corporations	447	580	544	593	2,164	452	607	544	587	2,190
Federal(1)	335	435	408	445	1,623	339	455	408	440	1,642
(Federal tax collections)(1)	(359)	(566)	(396)	(394)	(1,715)	(399)	(528)	(411)	(392)	(1,730)
Provincial	112	145	136	148	541	113	152	136	147	548
(Provincial tax collections)	(145)	(140)	(151)	(116)	(552)	(143)	(159)	(146)	(124)	(572)
Withholding taxes:										
Federal(2)	37	44	29	58	168	39	53	34	77	203
Indirect taxes	1,745	1,836	1,924	1,977	7,482	1,985	2,045	2,114	2,133	8,277
Federal	689	800	845	913	3,247	806	900	910	961	3,577
Provincial and municipal	1,056	1,036	1,079	1,064	4,235	1,179	1,145	1,204	1,172	4,700
Investment income	377	397	402	512	1,688	427	460	436	537	1,860
Federal	123	153	145	197	618	133	178	151	201	663
Provincial	254	244	257	315	1,070	294	282	285	336	1,197
Employer and employee contributions to social insurance and government pension funds	232	231	247	249	959	384	477	487	468	1,816
Federal	148	144	154	156	602	158	167	178	178	681
Provincial and municipal	84	87	93	93	357	100	103	109	109	421
Canada Pension Plan						95	150	147	139	531
Quebec Pension Plan						31	57	53	42	183
Transfers from Federal:										
Provincial and municipal	386	367	313	361	1,427	391	432	388	448	1,659
TOTAL REVENUE	4,135	4,499	4,417	4,749	17,800	4,707	5,180	5,116	5,436	20,439
FEDERAL	1,953	2,333	2,242	2,445	8,973	2,136	2,499	2,433	2,653	9,721
PROVINCIAL AND MUNICIPAL	2,182	2,166	2,175	2,304	8,827	2,445	2,474	2,483	2,602	10,004
CANADA PENSION PLAN						95	150	147	139	531
QUEBEC PENSION PLAN						31	57	53	42	183

(1) Excludes refundable tax on corporate cash profits introduced May 1966. The amounts collected were: second quarter, \$19 million, third quarter, \$57 million and fourth quarter \$56 million.

(2) Beginning in 1962, the withholding tax series has been adjusted to conform more closely with the flow of interest and dividends to non-residents.

TABLE 6. Government Expenditure, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
Goods and services	2,091	2,427	2,606	2,472	9,596	2,438	2,676	3,177	2,878	11,169
Federal	823	761	866	817	3,267	952	870	1,047	1,011	3,880
(Defence)	(460)	(352)	(380)	(370)	(1,562)	(481)	(371)	(406)	(455)	(1,713)
Provincial and municipal	1,268	1,666	1,740	1,655	6,329	1,486	1,806	2,130	1,867	7,289
Transfer payments to persons (excluding interest on the public debt)	1,204	1,104	1,096	1,098	4,502	1,276	1,217	1,224	1,289	5,006
Federal	657	594	534	531	2,316	675	623	580	600	2,478
Provincial and municipal	547	510	562	567	2,186	601	594	644	689	2,528
Interest on the public debt	375	436	389	435	1,635	409	474	433	473	1,789
Federal	253	271	262	266	1,052	278	293	293	287	1,151
Provincial and municipal	122	165	127	169	583	131	181	140	186	638
Subsidies	52	56	83	119	310	83	83	112	199	477
Federal	44	50	56	109	259	54	73	68	175	370
Provincial	8	6	27	10	51	29	10	44	24	107
Capital Assistance: (1)										
Federal	20	21	21	22	84	8	22	14	15	59
Transfers to other levels of government:										
Federal	386	367	313	361	1,427	391	432	388	448	1,659
Total expenditure	4,128	4,411	4,508	4,507	17,554	4,605	4,904	5,348	5,302	20,159
Federal	2,183	2,064	2,052	2,106	8,405	2,358	2,313	2,390	2,536	9,597
Provincial and municipal	1,945	2,347	2,456	2,401	9,149	2,247	2,591	2,958	2,766	10,562
Deficit (-) or Surplus (+)	7	88	- 91	242	246	102	276	- 232	134	280
Federal	- 230	269	190	339	568	- 222	186	43	117	124
Provincial and municipal	237	- 181	- 281	- 97	- 322	198	- 117	- 475	- 164	- 558
Canada Pension Plan						95	150	147	139	531
Quebec Pension Plan						31	57	53	42	183
TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	4,135	4,499	4,417	4,749	17,800	4,707	5,180	5,116	5,436	20,439
FEDERAL	1,953	2,333	2,242	2,445	8,973	2,136	2,499	2,433	2,653	9,721
PROVINCIAL AND MUNICIPAL	2,182	2,166	2,175	2,304	8,827	2,445	2,474	2,483	2,602	10,004
CANADA PENSION PLAN						95	150	147	139	531
QUEBEC PENSION PLAN						31	57	53	42	183

(1) From 1961 on, this item is treated as government current expenditure; prior to 1961, it was treated as capital transfer.

TABLE 7. Source of National Saving, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
Personal net saving	774	238	1,921	- 6	2,927	804	441	2,173	20	3,438
Business gross saving	1,415	2,100	2,043	2,036	7,594	1,646	2,276	2,068	2,046	8,036
Undistributed corporation profits	215	488	427	314	1,444	259	474	304	193	1,230
Capital consumption allowances and miscellaneous valuation adjustments	1,432	1,546	1,516	1,616	6,110	1,554	1,691	1,613	1,733	6,591
Adjustment on grain transactions(1)	- 252	45	79	84	- 44	- 175	89	137	105	156
Capital assistance	20	21	21	22	84	8	22	14	15	59
Inventory valuation adjustment	- 41	- 117	- 55	- 112	- 325	- 118	- 86	- 65	- 49	- 318
Government surplus (+) or deficit (-)	7	88	- 91	242	246	102	276	- 232	134	280
Residual error of estimate	- 104	- 24	70	66	8	- 92	35	229	164	336
Totals	2,051	2,285	3,888	2,226	10,450	2,342	2,942	4,173	2,315	11,772

(1) This item is an adjustment to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board. See also footnote 1, Table 3.

TABLE 8. Disposition of National Saving, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
Business gross fixed capital formation	2,136	2,650	2,866	2,999	10,651	2,626	3,218	3,116	3,254	12,214
New residential construction	469	510	548	597	2,124	514	564	536	564	2,178
New non-residential construction	714	912	1,219	1,179	4,024	920	1,187	1,356	1,348	4,811
New machinery and equipment	953	1,228	1,099	1,223	4,503	1,192	1,467	1,224	1,342	5,225
Value of physical change in inventories	214	- 15	1,085	- 336	948	45	120	1,219	- 389	995
Surplus (+) or deficit (-) on current account with non-residents(1)	- 403	- 374	7	- 371	- 1,141	- 422	- 362	68	- 385	- 1,101
Residual error of estimate	104	24	- 70	- 66	- 8	93	- 34	- 230	- 165	- 336
Totals	2,051	2,285	3,888	2,226	10,450	2,342	2,942	4,173	2,315	11,772

(1) Revised figures not incorporated in the Accounts as per note on page :

1965					1966				
I	II	III	IV	Year	I	II	III	IV	Year
- 394	- 366	34	- 357	- 1,083	- 413	- 354	95	- 371	- 1,043

TABLE 9. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1965 and 1966(1)
(millions of dollars)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
GROSS NATIONAL PRODUCT AT MARKET PRICES	11,452	12,688	14,322	13,647	52,109	12,839	14,171	15,906	14,865	57,781
Deduct: Residual error of estimate	104	24	- 70	- 66	- 8	92	- 35	- 229	- 164	- 336
Indirect taxes less subsidies	- 1,693	- 1,780	- 1,841	- 1,858	- 7,172	- 1,902	- 1,962	- 2,002	- 1,934	- 7,800
Income received from non-residents	- 65	- 78	- 65	- 107	- 315	- 65	- 74	- 41	- 119	- 299
Add: Income paid to non-residents ..	236	247	224	341	1,048	256	259	233	407	1,155
GROSS DOMESTIC PRODUCT AT FACTOR COST ...	10,034	11,101	12,570	11,957	45,662	11,220	12,359	13,867	13,055	50,501

(1) Annual data for earlier years are available in "National Accounts, Income and Expenditure, 1965", and previous years; (Catalogue No. 13-201); quarterly data are available on request.

TABLE 10. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1965 and 1966(1)
(millions of dollars)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
Personal expenditure on consumer goods and services	6,564	7,111	6,896	7,891	28,462	7,019	7,358	7,282	8,233	29,892
Non-durable goods	3,146	3,314	3,436	4,017	13,913	3,310	3,494	3,616	4,227	14,647
Durable goods	827	1,116	892	1,170	4,005	972	1,063	957	1,181	4,173
Services	2,591	2,681	2,568	2,704	10,544	2,737	2,801	2,709	2,825	11,072
Government expenditure on goods and services(2)	1,595	1,919	2,166	1,891	7,571	1,753	2,004	2,436	2,057	8,250
Business gross fixed capital formation ..	1,729	2,124	2,299	2,382	8,534	2,060	2,498	2,399	2,473	9,430
New residential construction	370	396	423	455	1,644	386	418	394	407	1,605
New non-residential construction	576	725	971	924	3,196	704	899	1,024	1,001	3,628
New machinery and equipment	783	1,003	905	1,003	3,694	970	1,181	981	1,065	4,197
Change in inventories	253	- 36	976	- 255	938	106	66	1,052	- 282	942
Non-farm business inventories	481	109	115	169	874	380	272	- 4	129	777
Farm inventories and grain in commercial channels	- 228	- 145	861	- 424	64	- 274	- 206	1,056	- 411	165
Exports of goods and services	2,062	2,495	2,759	2,707	10,023	2,378	2,800	3,050	2,951	11,179
Deduct: Imports of goods and services ...	- 2,335	- 2,750	- 2,683	- 2,982	- 10,750	- 2,685	- 3,061	- 2,987	- 3,258	- 11,991
Residual error of estimate	90	21	- 60	- 56	- 5	77	- 28	- 188	- 133	- 272
GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS(3)	9,958	10,884	12,353	11,578	44,773	10,708	11,637	13,044	12,041	47,430

(1) The implicit price deflators of the seasonally unadjusted components of Gross National Expenditure, derived by dividing the value figures in Table 2 by the constant dollar figures in Table 10, are not suitable as indicators of quarter-to-quarter price change. This is because they are currently weighted and therefore are affected by compositional shifts which occur within the unadjusted components of Gross National Expenditure, on a quarter-to-quarter basis. Quarter-to-quarter comparisons based on seasonally adjusted data are less subject to the problem of shifting weights and may be used as a measure of price change.

Note: Revised data for 1964 resulting from new information are:

I	II	III	IV	Year
(2) 1,546	1,791	1,989	1,787	7,113
(3) 9,394	10,278	11,475	10,739	41,886

TABLES ADJUSTED FOR SEASONAL VARIATION AND AT ANNUAL RATES

TABLE 11. National Income and Gross National Product, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
Wages, salaries, and supplementary labour income	25,008	25,600	26,344	27,180	26,033	28,332	28,960	29,592	30,412	29,324
Military pay and allowances	596	592	600	560	587	684	568	588	644	621
Corporation profits before taxes	5,040	5,112	5,344	5,300	5,199	5,292	5,272	4,896	5,288	5,187
Deduct: Dividends paid to non-residents(1)	- 700	- 788	- 772	- 744	- 751	- 760	- 780	- 780	- 944	- 816
Rent, interest and miscellaneous investment income	3,384	3,516	3,516	3,800	3,554	3,772	3,932	3,828	4,080	3,903
Accrued net income of farm operators from farm production(2)	1,564	1,496	1,780	1,740	1,645	2,184	2,244	2,252	2,136	2,204
Net income of non-farm unincorporated business(3)	2,736	2,872	2,980	2,920	2,877	2,936	2,852	3,000	3,008	2,949
Inventory valuation adjustment	- 188	- 308	- 340	- 464	- 325	- 488	- 232	- 340	- 212	- 318
NET NATIONAL INCOME AT FACTOR COST	37,440	38,092	39,452	40,292	38,819	41,952	42,816	43,036	44,412	43,054
Indirect taxes less subsidies	6,924	7,128	7,320	7,316	7,172	7,772	7,844	7,976	7,608	7,800
Capital consumption allowances and miscellaneous valuation adjustments	5,944	6,092	6,128	6,276	6,110	6,428	6,644	6,536	6,756	6,591
Residual error of estimate	- 68	96	- 36	40	8	240	316	420	368	336
GROSS NATIONAL PRODUCT AT MARKET PRICES	50,240	51,408	52,864	53,924	52,109	56,392	57,620	57,968	59,144	57,781
(Gross national product at market prices excluding accrued net income of farm operators)	(48,676)	(49,912)	(51,084)	(52,184)	(50,464)	(54,208)	(55,376)	(55,716)	(57,008)	(55,577)

(1) See footnote 1, Table 1.

(2) Includes an arbitrary smoothing of crop production and standard seasonal adjustments for withdrawals of grain from farm stocks and the change in livestock items. Because of the arbitrary elements, too precise an interpretation should not be given the seasonally adjusted figures of accrued net income of farm operators.

(3) Includes net income of independent professional practitioners.

TABLE 12. Gross National Expenditure, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
Personal expenditure on consumer goods and services	30,748	31,644	32,520	33,340	32,063	33,956	34,112	35,304	35,988	34,840
Government expenditure on goods and services(1, 2)	9,248	9,540	9,660	9,936	9,596	10,592	10,872	11,648	11,564	11,169
Business gross fixed capital formation(3) ..	9,848	10,172	11,000	11,584	10,651	12,016	12,324	12,000	12,516	12,214
New residential construction	2,052	2,136	2,144	2,164	2,124	2,220	2,336	2,096	2,060	2,178
New non-residential construction	3,816	3,728	4,148	4,404	4,024	4,788	4,832	4,628	4,996	4,811
New machinery and equipment	3,980	4,308	4,708	5,016	4,503	5,008	5,156	5,276	5,460	5,225
Value of physical change in inventories	1,288	1,168	728	608	948	988	1,668	588	736	995
Non-farm business inventories	1,108	980	836	696	905	792	1,392	564	580	832
Farm inventories and grain in commercial channels(4)	180	188	- 108	- 88	43	196	276	24	156	163
Exports of goods and services(5)	10,624	10,972	11,316	11,712	11,156	12,516	12,572	13,096	13,292	12,869
Deduct: Imports of goods and services(5) ...	-11,588	-11,992	-12,392	-13,216	-12,297	-13,436	-13,616	-14,248	-14,580	-13,970
Residual error of estimate	72	- 96	32	- 40	- 8	- 240	- 312	- 420	- 372	- 336
GROSS NATIONAL EXPENDITURE AT MARKET PRICES	50,240	51,408	52,864	53,924	52,109	56,392	57,620	57,968	59,144	57,781
Detail of Farm Inventories and GICC:										
Value of grain crop production	1,300	1,300	1,300	1,304	1,301	1,564	1,564	1,564	1,564	1,564
Depletions of farm stocks of grain	- 1,188	- 1,168	- 1,116	- 1,340	- 1,203	- 1,224	- 1,372	- 1,612	- 1,404	- 1,403
Change in livestock inventories	- 4	- 40	- 28	- 96	- 42	- 100	36	48	- 32	- 12
Grain in Commercial Channels	72	96	- 264	44	- 13	- 44	48	24	28	14

(1) See footnote 1, Table 2.

(2) For details of defence expenditures, see line 3, Table 16.

(3) See footnote 3, Table 2.

(4) In the seasonally adjusted series, the value of grain production in each quarter is taken as one-fourth of the estimated value of crop production for the year as a whole (see footnote 2, Table 11). All other items in the farm inventories series are seasonally adjusted by standard techniques.

(5) Revised figures not incorporated into the Accounts as per note on page 21:

Exports	10,740	11,060	11,420	11,792	11,253	12,616	12,668	13,192	13,388	12,966
Imports	11,640	12,028	12,440	13,236	12,336	13,472	13,656	14,288	14,620	14,009

TABLE 13. Source of Personal Income, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
Wages, salaries, and supplementary labour income	25,008	25,600	26,344	27,180	26,033	28,332	28,960	29,592	30,412	29,324
Deduct: Employer and employee contributions to social insurance and government pension funds	- 920	- 948	- 980	- 988	- 959	- 1,504	- 1,852	- 1,928	- 1,980	- 1,816
Military pay and allowances	596	592	600	560	587	684	568	588	644	621
Net income received by farm operators from farm production(1)	2,080	1,244	1,720	1,712	1,689	2,044	2,080	2,056	2,012	2,048
Net income of non-farm unincorporated business	2,736	2,872	2,980	2,920	2,877	2,936	2,852	3,000	3,008	2,949
Interest, dividends and net rental income of persons(2)	4,048	4,044	4,164	4,260	4,129	4,396	4,444	4,596	4,708	4,536
Transfer payments to persons:										
From government (excluding interest)	4,404	4,424	4,604	4,576	4,502	4,692	4,904	5,084	5,344	5,006
Charitable contributions by corporations	44	44	44	44	44	44	44	44	44	44
PERSONAL INCOME	37,996	37,872	39,476	40,264	38,902	41,624	42,000	43,032	44,192	42,712

(1) This item differs from line 6, Table 10 by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.

(2) Includes all government debt interest paid to persons.

TABLE 14. Disposition of Personal Income, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
Personal direct taxes	3,800	3,852	3,932	4,064	3,912	4,216	4,156	4,564	4,800	4,434
Income taxes	3,284	3,308	3,352	3,476	3,355	3,652	3,580	3,972	4,212	3,854
Succession duties and estate taxes	168	196	240	232	209	236	212	252	212	228
Miscellaneous	348	348	340	356	348	328	364	340	376	352
Personal expenditure on consumer goods and services	30,748	31,644	32,520	33,340	32,063	33,956	34,112	35,304	35,988	34,840
Non-durable goods	14,784	15,260	15,584	16,108	15,434	16,300	16,728	17,104	17,520	16,913
Durable goods	3,708	3,892	4,224	4,180	4,001	4,272	3,828	4,308	4,268	4,169
Services(1)	12,256	12,492	12,712	13,052	12,628	13,384	13,556	13,892	14,200	13,758
Personal net saving	3,448	2,376	3,024	2,860	2,927	3,452	3,732	3,164	3,404	3,438
PERSONAL INCOME	37,996	37,872	39,476	40,264	38,902	41,624	42,000	43,032	44,192	42,712
(Personal disposable income)(2)	(34,196)	(34,020)	(35,544)	(36,200)	(34,990)	(37,408)	(37,844)	(38,468)	(39,392)	(38,278)

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 15. Government Revenue, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
Direct taxes - Persons	3,800	3,852	3,932	4,064	3,912	4,216	4,156	4,564	4,800	4,434
Federal	2,720	2,760	2,660	2,720	2,715	2,832	2,744	3,048	3,196	2,955
Provincial and municipal	1,080	1,092	1,272	1,344	1,197	1,384	1,412	1,516	1,604	1,479
Direct taxes - Corporations	2,060	2,136	2,192	2,268	2,164	2,128	2,248	2,188	2,196	2,190
Federal(1)	1,544	1,600	1,636	1,712	1,623	1,596	1,688	1,636	1,648	1,642
(Federal tax collections)(1)	(1,576)	(1,896)	(1,628)	(1,760)	(1,715)	(1,724)	(1,724)	(1,740)	(1,732)	(1,730)
Provincial	516	536	556	556	541	532	560	552	548	548
(Provincial tax collections)	(544)	(584)	(544)	(536)	(552)	(548)	(636)	(540)	(564)	(572)
Withholding taxes:										
Federal(2)	160	172	164	176	168	176	204	200	232	203
Indirect taxes	7,164	7,372	7,592	7,800	7,482	8,148	8,208	8,344	8,408	8,277
Federal	3,040	3,172	3,332	3,444	3,247	3,524	3,556	3,596	3,632	3,577
Provincial and municipal(3)	4,124	4,200	4,260	4,356	4,235	4,624	4,652	4,748	4,776	4,700
Investment income	1,592	1,660	1,644	1,856	1,688	1,796	1,912	1,804	1,928	1,860
Federal	568	612	572	720	618	612	716	608	716	663
Provincial and municipal	1,024	1,048	1,072	1,136	1,070	1,184	1,196	1,196	1,212	1,197
Employer and employee contributions to social insurance and government pension funds	920	948	980	988	959	1,504	1,852	1,928	1,980	1,816
Federal	584	600	608	616	602	624	696	700	704	681
Provincial and municipal	336	348	372	372	357	400	412	436	436	421
Canada Pension Plan(4)						360	552	584	628	531
Quebec Pension Plan(4)						120	192	208	212	183
Transfers from Federal:										
Provincial and municipal	1,496	1,444	1,316	1,452	1,427	1,508	1,684	1,636	1,808	1,659
TOTAL REVENUE	17,192	17,584	17,820	18,604	17,800	19,476	20,264	20,664	21,352	20,439
FEDERAL	8,616	8,916	8,972	9,388	8,973	9,364	9,604	9,788	10,128	9,721
PROVINCIAL AND MUNICIPAL	8,576	8,668	8,848	9,216	8,827	9,632	9,916	10,084	10,384	10,004
CANADA PENSION PLAN						360	552	584	628	531
QUEBEC PENSION PLAN						120	192	208	212	183

(1) "See footnote 1, Table 5."

(2) "See footnote 2, Table 5."

(3) The quarterly figures of real property taxes unadjusted and seasonally adjusted are obtained by dividing annual totals by four since real property taxes accrue uniformly throughout the taxation year. Because in recent years, changes in real property tax rates have been generally upward this treatment gives rise to fictitious seasonal between the fourth and first quarters in the seasonally adjusted indirect taxes series.

(4) Estimates of a normal quarterly pattern have been used to seasonally adjust the contributions to the Canada and Quebec Pension Plans. No precise interpretation can be placed on the quarterly movements of these series until a later date.

TABLE 16. Government Expenditure, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
Goods and services	9,248	9,540	9,660	9,936	9,596	10,592	10,872	11,648	11,564	11,169
Federal	3,204	3,132	3,312	3,420	3,267	3,652	3,676	3,992	4,200	3,880
(Defence)	(1,620)	(1,512)	(1,584)	(1,532)	(1,562)	(1,664)	(1,612)	(1,720)	(1,856)	(1,713)
Provincial and municipal	6,044	6,408	6,348	6,516	6,329	6,940	7,196	7,656	7,364	7,289
Transfer payments to persons (excluding interest on the public debt)	4,404	4,424	4,604	4,576	4,502	4,692	4,904	5,084	5,344	5,006
Federal	2,292	2,348	2,360	2,264	2,316	2,392	2,452	2,520	2,548	2,478
Provincial and municipal	2,112	2,076	2,244	2,312	2,186	2,300	2,452	2,564	2,796	2,528
Interest on the public debt	1,608	1,624	1,640	1,668	1,635	1,732	1,764	1,832	1,828	1,789
Federal	1,052	1,036	1,040	1,080	1,052	1,124	1,128	1,168	1,184	1,151
Provincial and municipal	556	588	600	588	583	608	636	664	644	638
Subsidies	240	244	272	484	310	376	364	368	800	477
Federal	192	192	220	432	259	240	296	252	692	370
Provincial	48	52	52	52	51	136	68	116	108	107
Capital Assistance:(1)										
Federal	80	84	84	88	84	32	88	56	60	59
Transfers to other levels of government:										
Federal	1,496	1,444	1,316	1,452	1,427	1,508	1,684	1,636	1,808	1,659
Total expenditure	17,076	17,360	17,576	18,204	17,554	18,932	19,676	20,624	21,404	20,159
Federal	8,316	8,236	8,332	8,736	8,405	8,948	9,324	9,624	10,492	9,597
Provincial and municipal	8,760	9,124	9,244	9,468	9,149	9,984	10,352	11,000	10,912	10,562
Deficit (-) or surplus (+)	+ 116	+ 224	+ 244	+ 400	+ 246	+ 544	+ 588	+ 40	- 52	+ 280
Federal	+ 300	+ 680	+ 640	+ 652	+ 568	+ 416	+ 280	+ 164	- 364	+ 124
Provincial and municipal	- 184	- 456	- 396	- 252	- 322	- 352	- 436	- 916	- 528	- 558
Canada Pension Plan						360	552	584	628	531
Quebec Pension Plan						120	192	208	212	183
TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	17,192	17,584	17,820	18,604	17,800	19,476	20,264	20,664	21,352	20,439
FEDERAL	8,616	8,916	8,972	9,388	8,973	9,364	9,604	9,788	10,128	9,721
PROVINCIAL AND MUNICIPAL	8,576	8,668	8,848	9,216	8,827	9,632	9,916	10,084	10,384	10,004
CANADA PENSION PLAN						360	552	584	628	531
QUEBEC PENSION PLAN						120	192	208	212	183

(1) See footnote 1, Table 6.

TABLE 17. Source of National Saving, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
Personal net saving	3,448	2,376	3,024	2,860	2,927	3,452	3,732	3,164	3,404	3,438
Business gross saving	6,936	7,836	7,792	7,812	7,594	8,096	8,232	7,732	8,084	8,036
Undistributed corporation profits ...	1,428	1,408	1,520	1,420	1,444	1,496	1,336	944	1,144	1,230
Capital consumption allowances and miscellaneous valuation adjustments	5,944	6,092	6,128	6,276	6,110	6,428	6,644	6,536	6,756	6,591
Adjustment on grain transactions(1)	- 516	252	60	28	- 44	140	164	196	124	156
Capital assistance	80	84	84	88	84	32	88	56	60	59
Inventory valuation adjustment	- 188	- 308	- 340	- 464	- 325	- 488	- 232	- 340	- 212	- 318
Government surplus (+) or deficit (-)	116	224	244	400	246	544	588	40	- 52	280
Residual error of estimate	- 68	96	- 36	40	8	240	316	420	368	336
Totals	10,244	10,224	10,684	10,648	10,450	11,844	12,636	11,016	11,592	11,772

(1) This item is an adjustment to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board. See also footnote 1, Table 3.

TABLE 18. Disposition of National Saving, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
Business gross fixed capital formation	9,848	10,172	11,000	11,584	10,651	12,016	12,324	12,000	12,516	12,214
New residential construction	2,052	2,136	2,144	2,164	2,124	2,220	2,336	2,096	2,060	2,178
New non-residential construction	3,816	3,728	4,148	4,404	4,024	4,788	4,832	4,628	4,996	4,811
New machinery and equipment	3,980	4,308	4,708	5,016	4,503	5,008	5,156	5,276	5,460	5,225
Value of physical change in inventories	1,288	1,168	728	608	948	988	1,668	588	736	995
Surplus (+) or deficit (-) on current account with non-residents(1)	- 964	- 1,020	- 1,076	- 1,504	- 1,141	- 920	- 1,044	- 1,152	- 1,288	- 1,101
Residual error of estimate	72	- 96	32	- 40	- 8	- 240	- 312	- 420	- 372	- 336
Totals	10,244	10,224	10,684	10,648	10,450	11,844	12,636	11,016	11,592	11,772

(1) Revised figures not incorporated in the Accounts as per note on page 21.

1965					1966				
I	II	III	IV	Year	I	II	III	IV	Year
- 900	- 968	- 1,020	- 1,444	- 1,083	- 856	- 988	- 1,096	- 1,232	- 1,043

TABLE 19. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1965 and 1966(1)
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
GROSS NATIONAL PRODUCT AT MARKET PRICES	50,240	51,408	52,864	53,924	52,109	56,392	57,620	57,968	59,144	57,781
Deduct: Residual error of estimate	68	- 96	36	- 40	- 8	- 240	- 316	- 420	- 368	- 336
Indirect taxes less subsidies	- 6,924	- 7,128	- 7,320	- 7,316	- 7,172	- 7,772	- 7,844	- 7,976	- 7,608	- 7,800
Income received from non-residents	- 312	- 328	- 336	- 284	- 315	- 328	- 312	- 252	- 304	- 299
Add: Income paid to non-residents	976	1,084	1,064	1,068	1,048	1,100	1,116	1,128	1,276	1,155
GROSS DOMESTIC PRODUCT AT FACTOR COST	44,048	44,940	46,308	47,352	45,662	49,152	50,264	50,448	52,140	50,501

(1) See footnote 1, Table 9.

TABLE 20. Gross National Expenditure in Constant (1957) Dollars, by Quarters 1965 and 1966(1)
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
Personal expenditure on consumer goods and services	27,564	28,144	28,808	29,332	28,462	29,484	29,292	30,240	30,552	29,892
Non-durable goods	13,512	13,780	14,000	14,360	13,913	14,256	14,508	14,772	15,052	14,647
Durable goods	3,704	3,888	4,236	4,192	4,005	4,308	3,820	4,332	4,232	4,173
Services	10,348	10,476	10,572	10,780	10,544	10,920	10,964	11,136	11,268	11,072
Government expenditure on goods and services(2)	7,380	7,544	7,676	7,684	7,571	7,924	8,148	8,600	8,328	8,250
Business gross fixed capital formation	7,956	8,156	8,828	9,196	8,534	9,416	9,560	9,248	9,496	9,430
New residential construction	1,616	1,656	1,656	1,648	1,644	1,664	1,736	1,540	1,480	1,605
New non-residential construction	3,096	2,968	3,284	3,436	3,196	3,684	3,664	3,472	3,692	3,628
New machinery and equipment	3,244	3,532	3,888	4,112	3,694	4,068	4,160	4,236	4,324	4,197
Change in inventories	1,252	1,156	720	624	938	1,004	1,564	528	672	942
Non-farm business inventories	1,080	944	804	668	874	788	1,280	496	544	777
Farm inventories and grain in commercial channels	172	212	- 84	- 44	64	216	284	32	128	165
Exports of goods and services	9,644	9,908	10,112	10,428	10,023	11,052	11,008	11,232	11,424	11,179
Deduct: Imports of goods and services	- 10,156	- 10,540	- 10,828	- 11,476	- 10,750	- 11,632	- 11,744	- 12,216	- 12,372	- 11,991
Residual error of estimate	64	- 80	28	- 32	- 5	- 200	- 252	- 340	- 296	- 272
GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS(3)	43,704	44,288	45,344	45,756	44,773	47,048	47,576	47,292	47,804	47,430

(1) See footnote 1, Table 10.

Note: Revised data for 1964 resulting from new information are:

	I	II	III	IV	Year
(2)	7,220	7,120	6,908	7,204	7,113
(3)	41,252	41,872	42,028	42,392	41,886

TABLE 21. Implicit Price Indexes - Seasonally Adjusted
Gross National Expenditure, 1965 and 1966
(1957 = 100)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
Personal expenditure on consumer goods and services	111.6	112.4	112.9	113.7	112.7	115.2	116.5	116.7	117.8	116.6
Non-durable goods	109.4	110.7	111.3	112.2	110.9	114.3	115.3	115.8	116.4	115.5
Durable goods	100.1	100.1	99.7	99.7	99.9	99.2	100.2	99.4	100.9	99.9
Services	118.4	119.2	120.2	121.1	119.8	122.6	123.6	124.7	126.0	124.3
Government expenditure on goods and services(2)	125.3	126.5	125.8	129.3	126.7	133.7	133.4	135.4	138.9	135.4
Business gross fixed capital formation	123.8	124.7	124.6	126.0	124.8	127.6	128.9	129.8	131.8	129.5
New residential construction	127.0	129.0	129.5	131.3	129.2	133.4	134.6	136.1	139.2	135.7
New non-residential construction	123.3	125.6	126.3	128.2	125.9	130.0	131.9	133.3	135.3	132.6
New machinery and equipment	122.7	122.0	121.1	122.0	121.9	123.1	123.9	124.6	126.3	124.5
Exports of goods and services	110.2	110.7	111.9	112.3	111.3	113.2	114.2	116.6	116.4	115.1
Imports of goods and services	114.1	113.8	114.4	115.2	114.4	115.5	115.9	116.6	117.8	116.5
GROSS NATIONAL EXPENDITURE(3)	115.0	116.1	116.6	117.9	116.4	119.9	121.1	122.6	123.7	121.8

(1) These implicit indexes are currently weighted price indexes. They reflect not only pure price changes, but also changing expenditure patterns within and between major groups. Quarter to quarter comparisons based on the seasonally adjusted data are less subject to the problem of shifting weights than are similar comparisons based on data unadjusted for seasonality, and therefore may be used as indicators of price change.

Note: Revised data for 1964 resulting from new information are:

	I	II	III	IV	Year
(2)	118.2	120.8	123.8	123.9	121.7
(3)	111.5	112.6	114.1	114.4	113.2

ANNUAL TABLES

TABLE 22. Business Gross Fixed Capital Formation, by Industry, 1965 and 1966(1)
(millions of dollars)

	1965	1966
Agriculture	926	1,001
Fishing and trapping		
Forestry	96	89
Mining, quarrying, and oil wells	735	994
Manufacturing	2,340	2,803
Construction	263	267
Transportation	820	972
Storage		
Communication(2)	458	547
Electric power, gas and water utilities	1,131	1,343
Trade	395	437
Finance, insurance and real estate(3)	2,551	2,647
Services(4)	936	1,114
Totals	10,651	12,214

(1) This table is derived from "Private and Public Investment in Canada", publications. Additional detail has been provided by the DBS Business Finance Division, and adjustments have been made to bring the data into line with national accounting concepts. See reconciliation statement, Table 3. For an industrial distribution of total private and public investment, see Table 1 in the cited publication.

(2) Excludes investment expenditures by the Canadian Broadcasting Corporation.

(3) Includes all new residential construction, (including government enterprises, but excluding general government). See Table 2.

(4) Excludes government departmental expenditures, federal hospital, provincial hospital and school, and municipal school expenditures, which are included with "Government Expenditure on Goods and Services". Investment expenditure of government business enterprises (railway, power commissions, etc), are included under appropriate industry headings.

TABLE 23. Business Gross Fixed Capital Formation, 1965 and 1966
Reconciliation Statement
(millions of dollars)

	1965	1966
Total private and public investment in Canada(1) ...	12,865	14,897
Deduct - New residential construction by governments(2)	- 9	- 3
New non-residential construction by governments	- 1,958	- 2,354
New machinery and equipment outlays by governments	- 247	- 326
Business gross fixed capital formation	10,651	12,214

(1) As presented in the publications "Private and Public Investment in Canada".

(2) General government non-rental housing. Government enterprise housing included under line 5.

TABLE 24. Exports and Imports of Goods and Services, 1965 and 1966(1)
Reconciliation Statement
(millions of dollars)

	1965	1966
<u>Exports of goods and services:</u>		
Merchandise exports	8,737	10,270
Gold production available for export	138	125
Interest and dividends received from non-residents	315	294
Other receipts for services	2,177	2,533
Sub-total - "Current receipts" as per Canadian Balance of International Payments ..	11,367	13,222
Inheritances and immigrants' funds	- 211	- 256
Adjusting entry	-	- 97
Total "exports of goods and services" as per National Accounts(2)	11,156	12,869
<u>Imports of goods and services:</u>		
Merchandise imports	8,636	9,890
Interest and dividends paid to non-residents	1,048	1,178
Other payments for services	2,819	3,137
Sub-total - "Current payments" as per Canadian Balance of International Payments ..	12,503	14,205
Inheritances and emigrants' funds	- 206	- 196
Adjusting entry	-	- 39
Total "imports of goods and services" as per National Accounts(2)	12,297	13,970

(1) Revisions to figures for 1964 and 1965 were made by the Balance of Payments Section as shown in "Quarterly Estimates of the Canadian Balance of International Payments", DBS 67-001 for the second quarter 1966. These have not been incorporated into the National Accounts. However, the correct relationship between revised 1965 and 1966 totals has been maintained by introducing an adjusting entry in the table.

(2) See Table 2.

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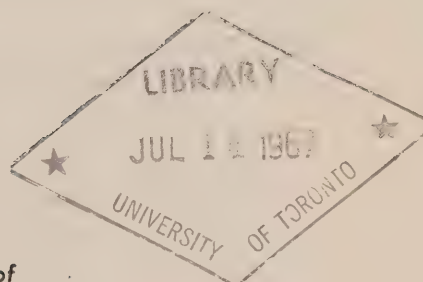
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QUARTERLY

Government
Publications



**NATIONAL ACCOUNTS
INCOME AND EXPENDITURE
FIRST QUARTER 1967**



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In order to obtain a complete historical record of the quarterly National Accounts, the following publications should be consulted:

"National Accounts, Income and Expenditure, by Quarters, 1947-61", for the years 1947-58.

"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1963", for the year 1959.

"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1964", for the year 1960.

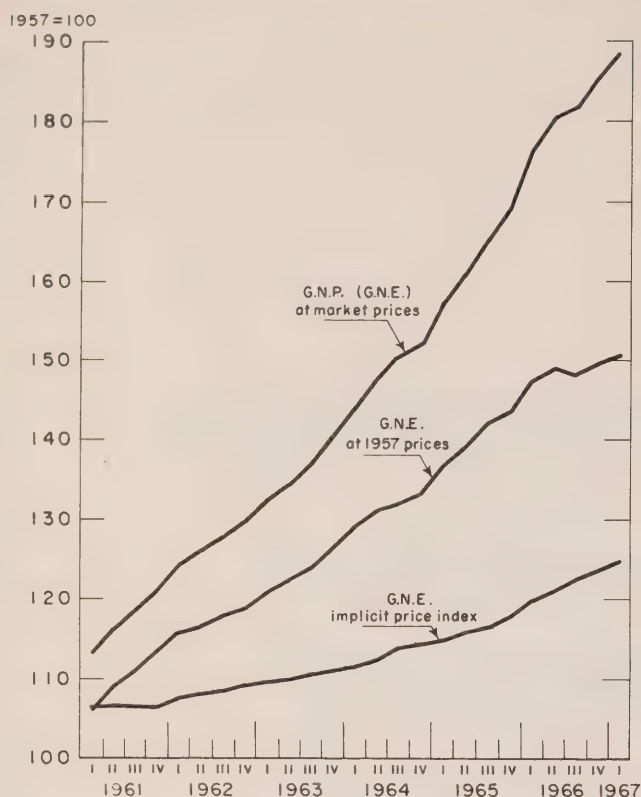
"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1965", for the years 1961-64.

"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1966", For the year 1965.

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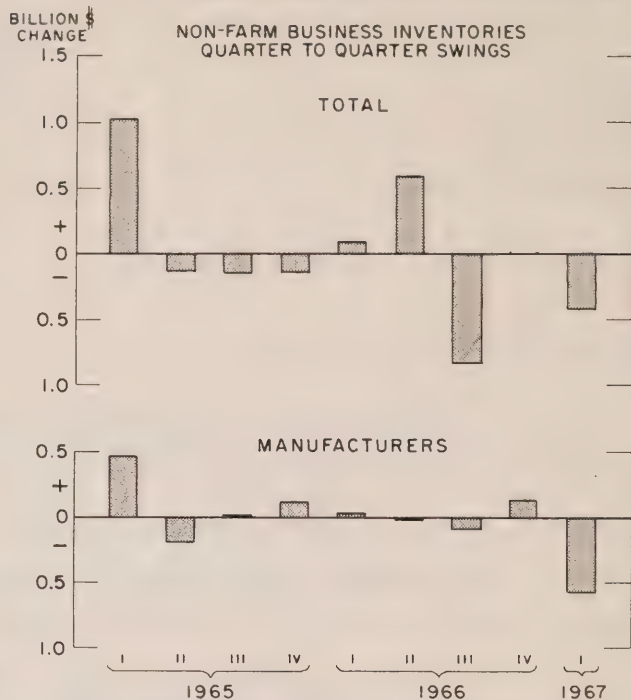
G.N.P. rose by 1.7 per cent in the first quarter.
PRICE advances accounted for two-thirds of this gain.



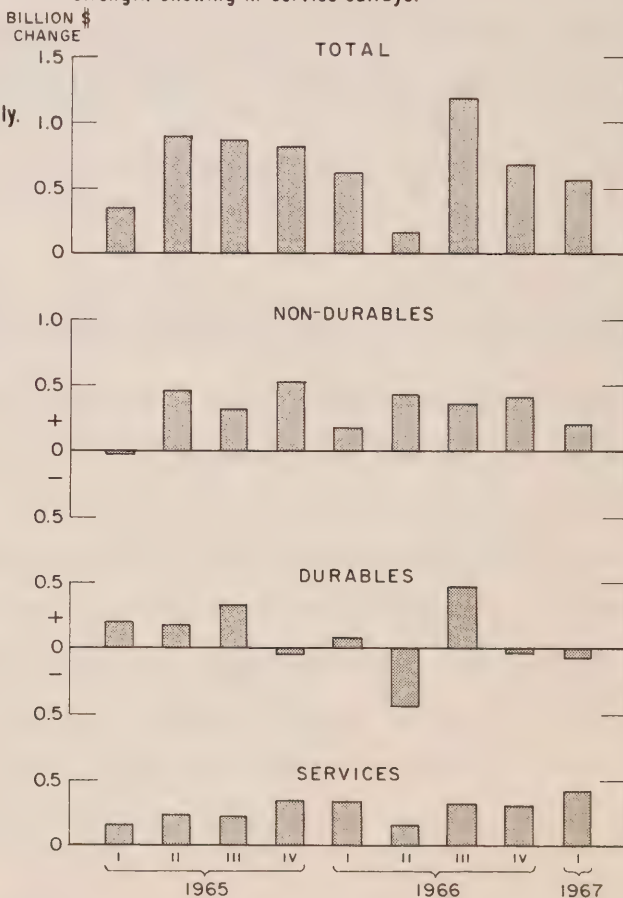
MERCHANDISE EXPORTS rose strongly in the first quarter.
The over-all deficit on CURRENT ACCOUNT declined significantly.



There was a marked stock adjustment in the first quarter wholly
due to a run-down in MANUFACTURERS' INVENTORIES.



CONSUMER SPENDING continued to rise with most of the
strength showing in service outlays.



ALL DATA SEASONALLY ADJUSTED, AT ANNUAL RATES

INTRODUCTORY REVIEW

In the first quarter of 1967 Gross National Product at market prices reached the \$60 billion mark, advancing by 1.7 per cent from the fourth quarter of 1966. With prices rising by about 1 per cent, approximately one-third of this increase represented a gain in real terms. Excluding accrued net income of farm operators,^{1/} GNP advanced by about 2 per cent in current dollars.

Real Gross Domestic Product at factor cost by industry of origin, an alternative but conceptually somewhat different measure of economic production, shows a small decline from the fourth quarter. Part of the difference between the two constant dollar series is due to unusual movements which resulted in a higher rate of increase on a national basis than on a domestic basis. A further part of this difference results from the absence of a formal balance between the two aggregates.

For the past four successive quarters the increases in the value of GNP have been about 2 per cent in the second quarter of 1966, less than 1 per cent in the third quarter when strikes were a major factor, 2 per cent in the fourth and a little less than 2 per cent in the first quarter of 1967. In constant dollar terms these gains have been moderate — 1 per cent in the second quarter, minus one-half of one per cent in the third, 1 per cent in the fourth and about half of one per cent in the present quarter. Therefore, price advances throughout this period have continued to be significant although there is some evidence of a moderating trend, notably in the area of food prices which flattened in the fourth quarter of 1966 and actually declined in the first quarter of 1967. Increasing costs continued to exert upward pressures on non-food prices on the one hand, and continuing strong demand conditions within certain areas of the domestic sector of the economy, especially services, probably were still another factor in these higher prices.

Within the domestic sector overall increases in demand were moderate. Outlays by persons advanced by about \$560 million, while increases in investment by business for plant and equipment and by governments for goods and services reinforced these gains in domestic demand. Offsets to these increases in final outlays were in the areas of investment in new residential construction, which showed a decline for the third successive quarter, and in non-farm business inventory accumulation. The largest advance in final demand in the first quarter occurred in the external sector, where exports of goods and services increased by over one billion dollars, seasonally adjusted at annual rates.

Outlays by the personal sector rose by $1\frac{1}{2}$ per cent in the first quarter compared with a 2 per cent advance in the fourth quarter of 1966. However, with prices rising by somewhat less in the first quarter than in the preceding quarter, personal outlays in real terms increased by about 1 per cent in both the fourth and first quarters. As in the preceding quarter, increased demand by the personal sector was confined to non-durable goods, which rose moderately, and to services which increased by 3 per cent. The continued decline in outlays on durable goods was almost entirely due to significantly decreased expenditures on new motor vehicles. Outlays by the business sector on plant and equipment rose moderately, with most of the advance being attributable to increased outlays on machinery and equipment. Although investment in new residential construction declined for the third successive quarter, there was some increase in starts of multiple units from their very low fourth quarter level, probably reflecting the somewhat easier conditions in mortgage funds.

There was a sizeable cut-back in the rate of non-farm business inventory investment in the first quarter of 1967. This first quarter adjustment to stocks paralleled inventory movements in the United States, but in terms of its impact on GNP these inventory movements were much less significant in Canada. The cut-back was most marked in the manufacturing industries where a fractional liquidation of stocks in the first quarter took place as compared with an inventory accumulation of approximately \$560 million in the fourth quarter of 1966. Wholesalers and retailers continued to accumulate inventories, although their rates of investment might be characterized as modest.

^{1/} Estimates of crop production are based on acreage intentions and ten year average yields. On these assumptions the value of the 1967 crop would be \$1.2 billion compared with the record crop of \$1.6 billion in 1966. Seasonally adjusted quarterly data are obtained by dividing the estimated annual crop by four.

Total Supply and Use of Resources
Value of change from preceding quarter
(Seasonally Adjusted at Annual Rates)
(millions of dollars)

	2Q'63 to 3Q'63	3Q'63 to 4Q'63	4Q'63 to 1Q'64	1Q'64 to 2Q'64	2Q'64 to 3Q'64	3Q'64 to 4Q'64	4Q'64 to 1Q'65	1Q'65 to 2Q'65	2Q'65 to 3Q'65	3Q'65 to 4Q'65	4Q'65 to 1Q'66	1Q'66 to 2Q'66	2Q'66 to 3Q'66	3Q'66 to 4Q'66	4Q'66 to 1Q'67
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Supply

National Production	820	1,128	928	1,028	968	648	1,672	1,004	1,588	984	2,268	1,152	244	1,228	1,352
Non-Residents (Imports)	488	372	608	-	76	244	448	404	400	824	220	180	632	332	444
Residual Error	8	24	212	132	- 176	- 84	56	164	- 132	76	200	76	104	- 52	- 344
Increase in Total Supply	1,316	1,524	1,748	1,160	868	808	2,176	1,572	1,856	1,884	2,688	1,408	980	1,508	1,452

Demand

Persons	488	548	736	296	688	400	364	896	876	820	616	156	1,192	684	556
Government	248	12	340	64	- 48	376	320	292	120	276	656	280	776	- 84	112
Business Investment	588	232	552	332	- 20	232	1,400	204	388	464	812	988	- 1,404	664	- 608
Plant and Equipment	256	100	648	244	8	300	424	240	820	564	376	192	- 84	552	264
Housing	140	12	200	- 64	52	140	- 84	84	8	20	56	116	- 240	- 36	- 172
Inventory Change	192	120	- 296	152	- 80	- 208	1,060	- 120	- 440	- 120	380	680	- 1,080	148	- 700
Farm and G.I.C.C.	- 48	- 360	- 128	- 64	- 160	488	40	8	- 296	20	284	80	- 252	132	- 292
Business Inventories	240	480	- 168	216	80	- 696	1,020	- 128	- 144	- 140	96	600	- 828	16	- 408
Non-Residents (Exports)	8	752	332	604	68	- 288	148	348	344	396	804	56	524	196	1,040
Residual Error	- 16	- 20	- 212	- 136	180	88	- 56	- 168	128	- 72	- 200	- 72	- 108	48	352
Increase in Total Demand	1,316	1,524	1,748	1,160	868	808	2,176	1,572	1,856	1,884	2,688	1,408	980	1,508	1,452

Percentage Increase in Total Demand
In constant 1957 Dollars

1.9

2.2

2.8

1.2

0.7

1.0

3.2

1.8

2.5

1.9

2.5

1.1

0.3

1.1

1.1

1.0

The sharp increase in demand for Canadian goods and services by the external sector during the first quarter has already been mentioned. On a seasonally adjusted basis, merchandise exports rose by over \$950 million at annual rates. Trade data classified by country of destination suggest that a little better than half of this increase in demand for Canadian exports was attributable to countries other than the United Kingdom and the United States, each of the latter two countries showing increases of around \$200 million. Increases in exports to Asian countries were particularly notable, and probably were in part due to the rapid growth in economic activity now being experienced by Japan. Imports of merchandise also increased, but by a lesser amount than merchandise exports. These transactions on the merchandise account, together with a significant reduction in the current account deficit on services, largely owing to a sharp decline in payments of interest and dividends to non-residents, resulted in a pronounced reduction in the current account import balance.

Turning to the income side, labour income continued to advance strongly, increasing by about 3 per cent between the fourth and the first quarters. However, mixed trends were evident as between the goods and the service producing industries. Monthly data for the goods producing industries, where payrolls had been advancing strongly, levelled in terms of month-to-month movements in the first quarter. On the other hand, service producing industries continued to show strong month-to-month gains.

The very sharp increase in military pay and allowances was associated with the complete overhaul of the pay structure of the armed services, combined with general pay increases averaging 9.8 per cent announced in late 1966.

Corporation profits declined sharply from the fourth quarter level, partly because of such special factors as high subsidy payments to the railways in the fourth quarter of 1966, and increased capital consumption allowances taken by the corporate sector in the first quarter of 1967. However, a portion of the profit decline probably was associated with the somewhat slower rate of economic growth.

Price Movements

As previously mentioned, with prices advancing by about 1 per cent between the fourth and first quarters, the increase in GNP of 1.7 per cent was reduced to 0.6 per cent in real terms.

The price component of consumer expenditure advanced by 0.5 per cent, somewhat less than in most of the recent quarters. A dominant factor in price movements at the consumer level was the decline of over 1 per cent in food prices, discounting seasonality. Prices of commodities other than food advanced by 0.6 per cent while prices of services rose by 1.3 per cent.

Within non-durables other than food, price increases were fairly widespread. Prices of yard goods and of newspapers and magazines rose sharply while quarter-to-quarter increases of over 1 per cent were observed in clothing, household supplies, and auto parts and accessories. On average, prices of durable goods showed little change. However, prices of furniture rose by about 1 per cent while small increases in other categories, such as household appliances, offset minor declines in categories such as motor vehicles.

The price component of service outlays advanced by over 1 per cent, with notable increases occurring in personal services and personal care, $2\frac{1}{2}$ per cent, and purchased transportation, $3\frac{1}{2}$ per cent.

Prices of capital goods advanced by approximately 1 per cent. Machinery prices rose by somewhat more than those prices associated with residential and non-residential building construction.

The price components of both exports and imports of goods and services showed little change.

Implicit Price Indexes
Percentage Change from the Preceding Quarter
(Based on Seasonally Adjusted Data)

	II/66	III/66	IV/66	I/67
Personal expenditure	1.1	0.5 $\frac{1}{2}$	0.9	0.5
Non-durable goods	1.0	0.5 $\frac{1}{2}$	0.5	-0.1
Durable goods	1.0	-0.3 $\frac{1}{2}$	1.3	0.3
Total goods	1.4	0.4 $\frac{1}{2}$	0.8	-
of which: food	1.1	0.5	-	-1.2
goods other than food	1.2	0.3 $\frac{1}{2}$	1.2	0.6
Services, excluding net expenditure abroad	1.0	1.0	1.0	1.3
Government expenditure	0.6 $\frac{1}{2}$	1.5 $\frac{1}{2}$	2.1 $\frac{1}{2}$	3.2 $\frac{2}{2}$
Business gross fixed capital formation	1.0	0.7	1.5	1.0
New residential construction	0.9	1.1	2.3	0.6
New non-residential construction	1.5	1.1	1.5	0.9
New machinery and equipment	0.7	0.5	1.4	1.5
Exports	0.9	1.7 $\frac{1}{2}$	0.6 $\frac{1}{2}$	0.1
Imports	0.3	0.6	1.0	0.2
Gross national expenditure	1.0	1.2	0.9	1.1
(Base-weighted price index of gross national expenditure)..	1.6	1.2	1.0	1.0

1/ The implicit price indexes in some quarters may not provide reasonable measures of price change as a result of marked quarter-to-quarter changes in expenditure patterns. Such was the case notably in the third quarter of 1966. The quarter-to-quarter changes footnoted in the table are based on price indexes in which the effect of changes in expenditure patterns has been discounted.

2/ Fourth to first quarter changes in this component are not necessarily analytically significant.

The Components of Demand

Consumer Expenditure

Personal expenditure reached a level of \$36.5 billion, seasonally adjusted at annual rates, an increase of $1\frac{1}{2}$ per cent from the fourth quarter as compared with a 2 per cent advance in the preceding quarter. In real terms the advance in consumer outlays was the same for both quarters, i.e., 1 per cent. The increase in the value of outlays was distributed unequally among the major categories as follows: an increase of slightly more than 1 per cent in non-durables, the smallest rise in a year; a further decline of nearly 2 per cent in durables following a 1 per cent drop in the previous quarter; and a 3 per cent increase in services, the largest quarterly increase in this component in the current expansion.

Personal income rose by 3 per cent, but with personal direct taxes increasing by $1\frac{1}{4}$ per cent, the advance in personal disposable income was only 1 per cent. With consumer outlays rising by more than 1 per cent, personal net saving declined fractionally.

Within the non-durables category of consumer expenditure there was an uneven pattern of expenditures. Food and clothing, the two largest components, rose by 2 and $1\frac{1}{2}$ per cent respectively; tobacco increased by $2\frac{1}{2}$ per cent, while expenditure on energy sources (fuel, electricity and gas) rose by 3 per cent. Spending on gasoline oil and grease, and on auto parts and accessories rose by $4\frac{1}{2}$ per cent and 4 per cent respectively, while declines of 4 and 3 per cent were registered respectively in alcoholic beverages and in soaps and cleaning supplies. A large increase, more than 7 per cent, occurred in newspapers, magazines and books, a significant part of this rise being attributable to price advances.

Among durable goods outlays, a 10½ per cent decline in new car purchases more than offset increases in other items. The decline in trade-ins paralleled that of new car purchases, while purchases of used cars decreased somewhat less. Consequently, outlays by the personal sector on new and used motor vehicles declined by 7 per cent. The only other item to show a decline was furniture, where purchases dropped by almost 5 per cent. Increases were shown in home furnishings, 4½ per cent, appliances and radios, 3 per cent, and jewellery and watches, 2½ per cent.

All components of the services category showed increases from the fourth quarter; with one exception, all these were within the range of 1 to 3 per cent. Increases of about 1 per cent were shown in personal services and user-operated transportation, while rises of between 2 and 2½ per cent were registered in several series -- personal care, recreation, medical care, financial and miscellaneous services, and shelter; household operations showed an increase of 3 per cent. Purchased transportation rose by 10½ per cent from the fourth quarter, but this was partially due to a recovery from a depressed fourth quarter owing to the Air Canada strike in November, and to fare increases in public transit and inter-city bus facilities.

Business Gross Fixed Capital Formation

A rise of just over one-half of one per cent in spending on business gross fixed capital formation carried the level of this aggregate to an annual rate of \$12.6 billion in the first quarter of 1967. A sharp decline of 8½ per cent in outlays on new residential construction dampened the increase of 3½ per cent in expenditures on machinery and equipment. Outlays on new non-residential construction rose fractionally.

The decline in housing outlays in the second half of 1966 continued into the first quarter of 1967. The estimated \$1.9 billion of new residential construction put in place represented a drop of some 8½ per cent from the fourth quarter. Seasonally adjusted figures for dwelling units indicated a very marked fall in completions of both single units and apartment and other multiple dwellings, and a drop in starts of single detached units which offset an increase in the number of starts of multiple units.

Preliminary and incomplete data for the second quarter indicate that there was a sharp rise in the number of starts of both single and multiple dwellings as between March and May. These trends partly reflect a sharp increase in mortgage loan approvals for rented dwellings in March, even prior to the downward adjustment in NHA maximum interest rate, and also the fact that loan approvals under the direct CMHC spring lending program started on April 1.

Dwellings Started, Completed and Under Construction (Number of units, seasonally adjusted at annual rates)

Type	Period	Starts	Completions	Under Construction ^{1/}
Urban areas 10,000 population and over				
Single	4Q'66	49,400	47,200	18,500
	1Q'67	35,500	35,300	20,900
Multiple	4Q'66	52,200	80,800	43,600
	1Q'67	63,100	58,300	46,300
All areas				
Total	4Q'66	124,900	156,300	*
	1Q'67	121,600	117,600	*

^{1/} End of period. *Not available.

Spending by the business sector on new non-residential building and engineering construction rose an estimated 1½ per cent, to reach a level of \$5.1 billion.

Outlays on new machinery and equipment increased by about 3½ per cent to \$5.6 billion. Preliminary data suggest that most of this increase was supplied from domestic sources.

Non-Farm Business Inventories

The first quarter of 1967 showed a marked slowdown in the rate at which the non-farm business sector was accumulating inventories. Discounting seasonal variations, the rate of accumulation in the first quarter was \$170 million compared with \$580 million in the fourth quarter of 1966.

The following table shows the value of physical change in non-farm business inventories in the fourth quarter of 1966 and the first quarter of 1967 by industry.

Value of Physical Change in Non-Farm Business Inventories
(Seasonally adjusted at annual rates)

	4Q 1966 (millions of dollars)	1Q 1967
Manufacturing	556	-16
Durables	316	4
Non-durables	240	-20
Wholesale	76	196
Retail	-160	96
"Other" industries	108	-104
Grand Total	580	172

Manufacturers' total stocks owned showed a slight liquidation, mainly because of non-durables, where small accumulations in the food, rubber, textile and clothing industries were more than offset by reductions in stocks held by the tobacco, leather, paper, petroleum and chemicals producing industries. Mixed and offsetting movements in the stocks of durable goods resulted in virtually no inventory accumulation.

The major part of the inventory accumulation in the present quarter occurred in the wholesale trades, where it was in both durable and non-durable goods with the exception of groceries which showed a fractional depletion in stocks.

Inventories at the retail level showed a moderate accumulation. This was a product of offsetting movements; a build-up which was evident in most of the trades was greatly offset by a large liquidation in the stocks of motor vehicle dealers, who continued to deplete their inventories but at a much higher rate than in the previous quarter.

Exports and Imports of Goods and Services^{1/}

Exports of goods and services rose sharply in the first quarter of 1967, and at a seasonally adjusted annual rate of \$14.3 billion were nearly 8 per cent higher than in the preceding quarter. This gain represented one of the strongest quarter-to-quarter advances in the current expansion. Imports of goods and services rose by 3 per cent from the preceding quarter.

^{1/} The Balance of Payments report for the first quarter of 1967 (DBS 67-001) carries this important comment:

Some relevant information on the basic trade statistics which became available recently has not yet been used to revise the balance of payments estimate for 1966. In conformity with the usual practice, revisions to 1966 estimates will be carried out and published in the report for the second quarter of 1967. Revisions in the amount of nearly \$60 million consisting to a large extent of automotive products exported to Latin American markets in 1966 have come to light, as also has a developing lag during the year in the receipt by DBS of import documents from an important port. The full impact upon 1966 of the retardation on the imports total is not known but is believed to be substantial. Notwithstanding the offsetting nature of these factors, their net effect would likely be to significantly reduce the merchandise trade surplus for 1966.

Merchandise exports were at a rate of \$11.6 billion in the first quarter, about 9½ per cent above the level of the preceding quarter. Gains were recorded in fish, newsprint, lumber, wood pulp, metals, crude petroleum and natural gas. Farm and non-farm machinery and asbestos showed no change. Exports of wheat and iron ore were lower.

Data are not yet available to identify import commodity changes corrected for the usual seasonal movements. Imports of goods rose overall by 5 per cent.

On a seasonally adjusted basis, receipts from services rose 2 per cent, while payments by Canadians to non-residents fell about 2 per cent. Increased earnings from tourist and travel and from freight and shipping accounted for almost all of the rise in receipts in the first quarter of 1967. Outpayments of interest and dividends to parent companies by Canadian subsidiaries showed a sharp drop from their unusually high fourth quarter level. This was the main factor in the fall in service payments.

The consequence of these divergent movements in total payments and receipts was a narrowing of the deficit in the current account on a national accounts basis. The surplus on merchandise trade increased by \$468 million, while the deficit on non-merchandise trade narrowed by \$128 million (all data at seasonally adjusted annual rates). The overall deficit fell from about \$1.3 billion in the fourth quarter of 1966 to about \$0.7 billion in the first quarter of 1967.

Exports and Imports of Goods and Services
Quarter-to-quarter percentage change
(Seasonally adjusted data)

	<u>Goods</u>		<u>Services</u>		<u>Total</u>	
	Exports	Imports	Exports	Imports	Exports	Imports
1966 - 1st quarter	6.9	0.9	6.7	3.6	6.9	1.7
2nd quarter	0.3	1.6	1.1	0.8	0.4	1.3
3rd quarter	4.7	3.2	2.0	8.3	4.2	4.6
4th quarter	1.7	3.6	0.6	-0.7	1.5	2.3
1967 - 1st quarter	9.3	5.0	2.0	-1.8	7.8	3.0

The Government Sector

Seasonally adjusted at annual rates, total revenues of all governments combined (excluding inter-government transfers) increased 5 per cent to a rate of \$20,556 million. The gain was concentrated in revenues from personal direct taxes and from indirect taxes. All other components of revenue declined or showed little change.

Personal direct taxes increased by 14 per cent in the quarter. Much of this rise was irregular and was associated with lower refunds, a result of a later start in processing of the 1966 income tax returns. Also, part of the increase at the federal level can be attributed to the doubling of the maximum old age security tax on personal income from \$120 per year to \$240 per year imposed at the beginning of the year. The impact of these changes was entirely borne by individuals whose taxable income was in excess of \$3,000 per year.

Revenues from indirect taxes also increased sharply, reflecting higher rates. At the federal level, the sales tax rate was raised to 12 per cent from 11 per cent, effective January 1, while higher revenues from property taxes accounted for part of the gain at the provincial-municipal level.

Total expenditures by all governments combined remained almost unchanged during the quarter although there were divergent movements as between the levels of government. Provincial-municipal expenditures rose by 2½ per cent, mostly due to higher outlays on goods and services. Total expenditures of the federal government declined sharply, reflecting in large part a decrease in subsidy payments from the irregularly high level of the fourth quarter. Federal outlays on goods and services also declined. Offsetting these declines somewhat were higher transfer payments to persons, caused by the introduction of the guaranteed minimum monthly income supplement to old age security recipients and by a further lowering of the age requirement for old age security pensions.

With total revenues increasing by 5 per cent and little change in expenditures, a surplus of \$1,032 million, on a national accounts basis and seasonally adjusted at annual rates, was registered for all governments combined (inclusive of Canada and Quebec pension plans) compared with a deficit of \$52 million in the fourth quarter. Most of the improvement came at the federal level, as the federal government moved from a deficit of \$364 million in the previous quarter to a surplus of \$464 million. However, much of this improvement was due to irregular movements in both the revenue and expenditure series. At the provincial-municipal level the deficit narrowed from a rate of \$528 million to a rate of \$288 million.

The Components of Income

Labour Income

Seasonally adjusted labour income in the first quarter of 1967 increased from the fourth quarter of 1966 by about 3 per cent. This increase continued the upward trend in total wage and salary payments evident during the past year, although there was some change in the composition of the increase. The rise was 2 per cent for the goods producing industries and 3 per cent for the service producing industries.

The goods producing industries appeared to level off over the first three months of 1967, roughly at the peak of the wages and salaries paid in these industries late in the fourth quarter of 1966. In manufacturing, where the levelling began in the middle of the fourth quarter of 1966, there was only a 0.5 per cent payroll advance between the fourth and first quarters. Mining payrolls went up 3 per cent in the first quarter of 1967. Forestry and construction indicated some levelling in the first quarter. About two-thirds of the 2 per cent increase in wages and salaries for the goods producing industries was due to an increase in employment, while the other third was from increased weekly earnings.

For the service producing industries the increase in wages and salaries was around $2\frac{1}{2}$ per cent for all components except government which advanced 4 per cent. If it had not been for retroactive wage adjustments in the fourth quarter 1966 and strikes in some service industries early in 1967, the first quarter increases in the service producing industries would have been well over 3 per cent.

The service producing industries continued to have month-to-month payroll increases in the first quarter of 1967. These advances resulted about equally from increased employment and increased earnings.

Corporation Profits

Corporation profits (before taxes and before dividends paid to non-residents) fell to a seasonally adjusted annual rate of \$4.7 billion in the first quarter of 1967, 12 per cent below the level of the previous quarter. After steadily rising since the first quarter of 1961, profits levelled off in the last quarter of 1965 and remained at that level through the first half of 1966. However, from the third quarter of 1966 to the present quarter the movement has been irregular. A large drop in the third quarter of 1966 was followed by a recovery in the fourth quarter to earlier levels, but the results for the first quarter of 1967 reveal a decline to about the level of the second quarter of 1964. Large railway subsidy payments in the fourth quarter of 1966 accounted for part of the strength of that quarter, whereas higher capital consumption allowances taken by corporations in the first quarter of 1967 had a substantial impact on the profits decline. Earnings before capital consumption allowances declined by only $5\frac{1}{2}$ per cent.

The transportation, storage, and communication industry profits fell sharply due in part to irregular fourth quarter factors in these industries. Wholesale and retail trade profits declined 12 and 15 per cent respectively, while those of the service industry rose 28 per cent. Profits in the utility industry rose substantially. The finance industry had a 6 per cent drop in profits in the quarter.

Profits of the manufacturing industries fell nearly 9 per cent below their fourth quarter level. Among those industries contributing to the decline in this total were food and beverages, with a decrease of 18 per cent, paper 14 per cent, primary metals 9 per cent, and non-metallic minerals 17 per cent. The electrical products group suffered a large profits decline. These decreases were somewhat offset by a large gain in the wood industry, and moderate gains in the textile, printing, petroleum and coal, and chemical industries.

Mining industry profits advanced 15 per cent over the fourth quarter level.

Rent, Interest and Miscellaneous Investment Income

Seasonally adjusted rent, interest and miscellaneous investment income declined by nearly 1 per cent from the fourth quarter of 1966. This decline reflected lower levels of government investment income which more than offset other movements.

Accrued Net Income of Farm Operators

Accrued net income of farm operators, seasonally adjusted at annual rates, declined nearly 5 per cent to \$2,030 million from the fourth quarter 1966.

The estimated value of the 1967 crop was down 23 per cent.^{1/} Partially offsetting the decrease in grain production were advances in livestock production and cash income from the sales of other farm products, notably tobacco.

Net income received by farm operators rose approximately $6\frac{1}{2}$ per cent over the fourth quarter to \$2,140 million, mainly as a result of the record high payments of the Canadian Wheat Board.

Net Income of Non-Farm Unincorporated Business

Net income of non-farm unincorporated business fell just under 3 per cent to \$2,920 million from the fourth quarter of 1966. Small gains in the service industries were more than offset by declines in the other industries, mainly construction and retail trade.

Real Gross Domestic Product at Factor Cost

Production by Industry

Real gross domestic product at factor cost, less agriculture, decreased by 0.3 per cent between the fourth quarter of 1966 and the first quarter of 1967.

Manufacturing, which declined by $1\frac{1}{2}$ per cent, was mainly responsible for the first quarter decrease. Manufacturing of durables fell by $2\frac{1}{2}$ per cent, with most of the decrease occurring in the transportation equipment component. Manufacturing of non-durables declined by less than 1 per cent, largely because of a decrease in textile products. Although there were significant declines in many of the components of manufacturing, there were increases in some others, such as the chemical and the non-ferrous metal groups.

Trade also contributed to the decline in the first quarter. Wholesale trade shrank by 5 per cent in contrast to a 1 per cent increase in retail trade. The construction industry, which includes both public and private construction, decreased by almost $1\frac{1}{2}$ per cent, mainly because of a large drop in the private residential component.

Several industries recorded increases in the first quarter. Forestry rose by almost $10\frac{1}{2}$ per cent, and electric power and gas utilities increased by $3\frac{1}{2}$ per cent. The finance, insurance and real estate group also rose by slightly more than 1 per cent.

Most of other major industry groupings showed only fractional changes, or were unchanged, from the fourth quarter of last year. These included the mining; transportation, storage and communication; and community, recreation, business, and personal service industries. Within these groupings, however, there were some fairly large offsetting movements.

^{1/} Estimates of crop production are based on acreage intentions and ten year average yields. On these assumptions the value of the 1967 crop would be \$1.2 billion compared with the record crop of \$1.6 billion in 1966. Seasonally adjusted quarterly data are obtained by dividing the estimated annual crop by four.

Technical Note

The Balance of Payments Division revised data for 1964 and 1965 in the second quarter of 1966. The revised figures are shown in the "Quarterly Estimates of the Canadian Balance of International Payments", DBS 67-001, starting with their report for the second quarter of 1966. These revisions have not been incorporated in the national accounts. However, the correct relationships between accounting periods were maintained by introducing adjusting entries. The revised balance of payments figures on a national accounts basis are shown in footnotes to Tables 2, 8, 12 and 18.

TABLES UNADJUSTED FOR SEASONAL VARIATION

TABLE 1. National Income and Gross National Product, by Quarters, 1966 and 1967
(millions of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income ..	6,840	7,269	7,571	7,644	29,324	7,557		
2. Military pay and allowances	168	145	147	161	621	183		
3. Corporation profits before taxes	1,124	1,449	1,234	1,380	5,187	997		
4. Deduct: Dividends paid to non-residents(1)	- 182	- 155	- 156	- 323	- 816	- 159		
5. Rent, interest, and miscellaneous investment income	921	948	947	1,087	3,903	992		
6. Accrued net income of farm operators from farm production(2)	100	201	1,662	241	2,204	144		
7. Net income of non-farm unincorporated business(3)	622	712	722	893	2,949	623		
8. Inventory valuation adjustment(4)	- 118	- 86	- 65	- 49	- 318	- 74		
9. NET NATIONAL INCOME AT FACTOR COST	9,475	10,483	12,062	11,034	43,054	10,263		
10. Indirect taxes less subsidies	1,902	1,962	2,002	1,934	7,800	2,098		
11. Capital consumption allowances and miscellaneous valuation adjustments	1,554	1,691	1,613	1,733	6,591	1,696		
12. Residual error of estimate	- 92	35	229	164	336	- 178		
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	12,839	14,171	15,906	14,865	57,781	13,879		
14. (Gross national product at market prices excluding accrued net income of farm operators)	(12,739)	(13,970)	(14,244)	(14,624)	(55,577)	(13,735)		

(1) Includes the withholding tax applicable to this item.

(2) Includes change in farm inventories as shown in line 11, Table 4. An adjustment has been made to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board.

(3) Includes net income of independent professional practitioners.

(4) See footnote 4, Table 2.

TABLE 2. Gross National Expenditure, by Quarters, 1966 and 1967
(millions of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	8,059	8,553	8,556	9,672	34,840	8,688		
2. Government expenditure on goods and services(1, 2)	2,438	2,676	3,177	2,878	11,169	2,734		
3. Business gross fixed capital formation(3)	2,626	3,218	3,116	3,254	12,214	2,733		
4. New residential construction	514	564	536	564	2,178	406		
5. New non-residential construction	920	1,187	1,356	1,348	4,811	978		
6. New machinery and equipment	1,192	1,467	1,224	1,342	5,225	1,349		
7. Value of physical change in inventories(4)	45	120	1,219	- 389	995	- 89		
8. Non-farm business inventories	390	272	67	103	832	227		
9. Farm inventories and grain in commercial channels	- 345	- 152	1,152	- 492	163	- 316		
10. Exports of goods and services(5)	2,682	3,195	3,572	3,420	12,869	3,117		
11. Deduct: Imports of goods and services(5)	3,104	3,557	3,504	3,805	13,970	- 3,482		
12. Residual error of estimate	93	- 34	- 230	- 165	- 336	178		
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	12,839	14,171	15,906	14,865	57,781	13,879		

(1) Includes outlays on new durable assets such as building and highway construction by governments, other than government business enterprises. Also includes net purchases of government commodity agencies.

(2) For details of defence expenditure see line 3, Table 6.

(3) Includes capital expenditures by private and government business enterprises, private non-commercial institutions, and outlays on new residential construction by individuals and business investors.

(4) The book value of inventories is deflated to remove the effect of price changes and the derived "physical" change is then valued at average prices of the current period to obtain the value of physical change. The difference between this value of physical change and the change in book value is called the inventory valuation adjustment. (See line 8, Table 1).

(5) Revised figures not incorporated into the Accounts as per note on page 15.

Exports	2,707	3,215	3,602	3,442	12,966	3,142
Imports	3,120	3,569	3,507	3,813	14,009	3,498

TABLE 3. Source of Personal Income, by Quarters, 1966 and 1967
(millions of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income	6,840	7,269	7,571	7,644	29,324	7,557		
2. Deduct: Employer and employee contributions to social insurance and government pension funds	- 384	- 477	- 487	- 468	- 1,816	- 490		
3. Military pay and allowances	168	145	147	161	621	183		
4. Net income received by farm operators from farm production(1)	275	112	1,525	136	2,048	395		
5. Net income of non-farm unincorporated business	622	712	722	893	2,949	623		
6. Interest, dividends, and net rental income of persons(2)	1,084	1,111	1,129	1,212	4,536	1,168		
Transfer payments to persons:								
7. From government (excluding interest)	1,276	1,217	1,224	1,289	5,006	1,492		
8. Charitable contributions by corporations	11	11	11	11	44	11		
9. PERSONAL INCOME	9,892	10,100	11,842	10,878	42,712	10,939		

(1) This item differs from line 6, Table 1, by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.

(2) Includes all government debt interest paid to persons.

TABLE 4. Disposition of Personal Income, by Quarters, 1966 and 1967
(millions of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Personal direct taxes	1,029	1,106	1,113	1,186	4,434	1,316		
2. Income taxes	852	968	981	1,053	3,854	1,144		
3. Succession duties and estate taxes	59	53	63	53	228	50		
4. Miscellaneous	118	85	69	80	352	122		
5. Personal expenditure on consumer goods and services ..	8,059	8,553	8,556	9,672	34,840	8,688		
6. Non-durable goods	3,751	4,023	4,227	4,912	16,913	4,097		
7. Durable goods	958	1,062	951	1,198	4,169	930		
8. Services(1)	3,350	3,468	3,378	3,562	13,758	3,661		
9. Personal net saving	804	441	2,173	20	3,438	935		
10. Personal saving excluding change in farm inventories	1,098	558	1,073	560	3,289	1,221		
11. Value of physical change in farm inventories	- 294	- 117	1,100	- 540	149	- 286		
12. PERSONAL INCOME	9,892	10,100	11,842	10,878	42,712	10,939		
13. (Personal disposable income)(2)	(8,863)	(8,994)	(10,729)	(9,692)	(38,278)	(9,623)		

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 5. Government Revenue, by Quarters, 1966 and 1967
(millions of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Direct taxes - Persons	1,029	1,106	1,113	1,186	4,434	1,316		
2. Federal	661	746	752	796	2,955	860		
3. Provincial and municipal	368	360	361	390	1,479	456		
4. Direct taxes - Corporations	452	607	544	587	2,190	431		
5. Federal(1)	339	455	408	440	1,642	315		
6. (Federal tax collections)(1)	(399)	(528)	(411)	(392)	(1,730)	(400)		
7. Provincial	113	152	136	147	548	116		
8. (Provincial tax collections)	(143)	(159)	(146)	(124)	(572)	(158)		
Withholding taxes:								
9. Federal(2)	39	53	34	77	203	42		
10. Indirect taxes	1,985	2,045	2,114	2,133	8,277	2,191		
11. Federal	806	900	910	961	3,577	879		
12. Provincial and municipal	1,179	1,145	1,204	1,172	4,700	1,312		
13. Investment income	427	460	436	537	1,860	449		
14. Federal	133	178	151	201	663	132		
15. Provincial and municipal	294	282	285	336	1,197	317		
16. Employer and employee contributions to social insurance and government pension funds	384	477	487	468	1,816	490		
17. Federal	158	167	178	178	681	172		
18. Provincial and municipal	100	103	109	109	421	113		
19. Canada Pension Plan	95	150	147	139	531	152		
20. Quebec Pension Plan	31	57	53	42	183	53		
Transfers from Federal:								
21. Provincial and municipal	391	432	388	448	1,659	441		
22. TOTAL REVENUE	4,707	5,180	5,116	5,436	20,439	5,360		
23. FEDERAL	2,136	2,499	2,433	2,653	9,721	2,400		
24. PROVINCIAL AND MUNICIPAL	2,445	2,474	2,483	2,602	10,004	2,755		
25. CANADA PENSION PLAN	95	150	147	139	531	152		
26. QUEBEC PENSION PLAN	31	57	53	42	183	53		

(1) Excludes refundable tax on corporate cash profits introduced May, 1966. The amounts collected in 1966 were: second quarter, \$19 million and third quarter, \$57 million and fourth quarter, \$56 million. In the first quarter 1967 \$64 million were collected.

(2) Beginning in 1962, the withholding tax series has been adjusted to conform more closely with the flow of interest and dividends to non-residents.

TABLE 6. Government Expenditure, by Quarters, 1966 and 1967
(millions of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Goods and services	2,438	2,676	3,177	2,878	11,169	2,734		
2. Federal	952	870	1,047	1,011	3,880	1,058		
3. (Defence)	(481)	(371)	(406)	(455)	(1,713)	(475)		
4. Provincial and municipal	1,486	1,806	2,130	1,867	7,289	1,676		
5. Transfer payments to persons (excluding interest on the public debt)	1,276	1,217	1,224	1,289	5,006	1,492		
6. Federal	675	623	580	600	2,478	777		
7. Provincial and municipal	601	594	644	689	2,528	715		
8. Interest on the public debt	409	474	433	473	1,789	429		
9. Federal	278	293	293	287	1,151	282		
10. Provincial and municipal	131	181	140	186	638	147		
11. Subsidies	83	83	112	199	477	93		
12. Federal	54	73	68	175	370	60		
13. Provincial	29	10	44	24	107	33		
Capital Assistance:(1)								
14. Federal	8	22	14	15	59	13		
Transfers to other levels of government:								
15. Federal	391	432	388	448	1,659	441		
16. Total expenditure	4,605	4,904	5,348	5,302	20,159	5,202		
17. Federal	2,358	2,313	2,390	2,536	9,597	2,631		
18. Provincial and municipal	2,247	2,591	2,958	2,766	10,562	2,571		
19. Deficit (-) or Surplus (+)	+ 102	+ 276	- 232	+ 134	+ 280	+ 158		
20. Federal	- 222	+ 186	+ 43	+ 117	+ 124	- 231		
21. Provincial and municipal	+ 198	- 117	- 475	- 164	- 558	+ 184		
22. Canada Pension Plan	95	150	147	139	531	152		
23. Quebec Pension Plan	31	57	53	42	183	53		
24. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	4,707	5,180	5,116	5,436	20,439	5,360		
25. FEDERAL	2,136	2,499	2,433	2,653	9,721	2,400		
26. PROVINCIAL AND MUNICIPAL	2,445	2,474	2,483	2,602	10,004	2,755		
27. CANADA PENSION PLAN	95	150	147	139	531	152		
28. QUEBEC PENSION PLAN	31	57	53	42	183	53		

(1) From 1961 on, this item is treated as government current expenditure; prior to 1961, it was treated as capital transfer.

TABLE 7. Source of National Saving, by Quarters, 1966 and 1967
(millions of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Personal net saving	804	441	2,173	20	3,438	935		
2. Business gross saving	1,646	2,276	2,068	2,046	8,036	1,616		
3. Undistributed corporation profits	259	474	304	193	1,230	158		
4. Capital consumption allowances and miscellaneous valuation adjustments	1,554	1,691	1,613	1,733	6,591	1,696		
5. Adjustment on grain transactions(1)	- 175	89	137	105	156	- 251		
6. Capital-assistance	8	22	14	15	59	13		
7. Inventory valuation adjustment	- 118	- 86	- 65	- 49	- 318	- 74		
8. Government surplus (+) or deficit (-)	102	276	- 232	134	280	158		
9. Residual error of estimate	- 92	35	229	164	336	- 178		
10. Totals	2,342	2,942	4,173	2,315	11,772	2,457		

(1) This item is an adjustment to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board. See also footnote 1, Table 3.

TABLE 8. Disposition of National Saving, by Quarters, 1966 and 1967
(millions of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Business gross fixed capital formation	2,626	3,218	3,116	3,254	12,214	2,733		
2. New residential construction	514	564	536	564	2,178	406		
3. New non-residential construction	920	1,187	1,356	1,348	4,811	978		
4. New machinery and equipment	1,192	1,467	1,224	1,342	5,225	1,349		
5. Value of physical change in inventories	45	120	1,219	- 389	995	- 89		
6. Surplus (+) or deficit (-) on current account with non-residents(1)	- 422	- 362	68	- 385	- 1,101	- 365		
7. Residual error of estimate	93	- 34	- 230	- 165	- 336	178		
8. Totals	2,342	2,942	4,173	2,315	11,772	2,457		

(1) Revised figures not incorporated in the accounts as per note on page 15.

1966						1967		
I	II	III	IV	Year		I	II	III
- 413	- 354	95	- 371	- 1,043		- 356		

TABLE 9. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1966 and 1967(1)
(millions of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. GROSS NATIONAL PRODUCT AT MARKET PRICES ..	12,839	14,171	15,906	14,865	57,781	13,879		
2. Deduct: Residual error of estimate	92	- 35	- 229	- 164	- 336	178		
3. Indirect taxes less subsidies ..	- 1,902	- 1,962	- 2,002	- 1,934	- 7,800	- 2,098		
4. Income received from non-residents	- 65	- 74	- 41	- 119	- 299	- 58		
5. Add: Income paid to non-residents ...	256	259	233	407	1,155	245		
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	11,220	12,359	13,867	13,055	50,501	12,146		

(1) Annual data for earlier years are available in "National Accounts, Income and Expenditure, 1966", and previous years; (Catalogue No. 13-201); quarterly data are available on request.

TABLE 10. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1966 and 1967(1)
(millions of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	7,019	7,358	7,282	8,233	29,892	7,348		
2. Non-durable goods	3,310	3,494	3,616	4,227	14,647	3,553		
3. Durable goods	972	1,063	957	1,181	4,173	928		
4. Services	2,737	2,801	2,709	2,825	11,072	2,867		
5. Government expenditure on goods and services	1,753	2,004	2,436	2,057	8,250	1,844		
6. Business gross fixed capital formation ..	2,060	2,498	2,399	2,473	9,430	2,055		
7. New residential construction	386	418	394	407	1,605	290		
8. New non-residential construction	704	899	1,024	1,001	3,628	712		
9. New machinery and equipment	970	1,181	981	1,065	4,197	1,053		
10. Change in inventories	106	66	1,052	- 282	942	- 54		
11. Non-farm business inventories	380	272	- 4	129	777	201		
12. Farm inventories and grain in commercial channels	- 274	- 206	1,056	- 411	165	- 255		
13. Exports of goods and services	2,378	2,800	3,050	2,951	11,179	2,682		
(of which merchandise)	(2,014)	(2,330)	(2,366)	(2,472)	(9,182)	(2,314)		
14. Deduct: Imports of goods and services ...	- 2,685	- 3,061	- 2,987	- 3,258	- 11,991	- 2,961		
(of which merchandise) (2)	(1,972)	(2,285)	(2,118)	(2,396)	(8,771)	(2,228)		
15. Residual error of estimate	77	- 28	- 188	- 133	- 272	142		
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	10,708	11,637	13,044	12,041	47,430	11,056		

(1) The implicit price deflators of the seasonally unadjusted components of Gross National Expenditure, derived by dividing the value figures in Table 2 by the constant dollar figures in Table 10, are not suitable as indicators of quarter-to-quarter price change. This is because they are currently weighted and therefore are affected by compositional shifts which occur within the unadjusted components of Gross National Expenditure, on a quarter-to-quarter basis. Quarter-to-quarter comparisons based on seasonally adjusted data are less subject to the problem of shifting weights and may be used as a measure of price change.

(2) The statistical basis for deflating merchandise imports is subject to a significant margin of error.

TABLES ADJUSTED FOR SEASONAL VARIATION AND AT ANNUAL RATES

TABLE 11. National Income and Gross National Product, by Quarters, 1966 and 1967 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income	28,332	28,960	29,592	30,412	29,324	31,220		
2. Military pay and allowances	684	568	588	644	621	748		
3. Corporation profits before taxes	5,292	5,272	4,896	5,288	5,187	4,656		
4. Deduct: Dividends paid to non-residents(1)	- 760	- 780	- 780	- 944	- 816	- 680		
5. Rent, interest, and miscellaneous investment income	3,772	3,932	3,828	4,080	3,903	4,044		
6. Accrued net income of farm operators from farm production(2)	2,184	2,244	2,252	2,136	2,204	2,036		
7. Net income of non-farm unincorporated business(3)	2,936	2,852	3,000	3,008	2,949	2,924		
8. Inventory valuation adjustment	- 488	- 232	- 340	- 212	- 318	- 304		
9. NET NATIONAL INCOME AT FACTOR COST	41,952	42,816	43,036	44,412	43,054	44,644		
10. Indirect taxes less subsidies	7,772	7,844	7,976	7,608	7,800	8,552		
11. Capital consumption allowances and miscellaneous valuation adjustments	6,428	6,644	6,536	6,756	6,591	6,932		
12. Residual error of estimate	240	316	420	368	336	24		
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	56,392	57,620	57,968	59,144	57,781	60,152		
14. (Gross national product at market prices excluding accrued net income of farm operators)	(54,208)	(55,376)	(55,716)	(57,008)	(55,577)	(58,116)		

(1) See footnote 1, Table 1.

(2) Includes an arbitrary smoothing of crop production and standard seasonal adjustments for withdrawals of grain from farm stocks and the change in livestock items. Because of the arbitrary elements, too precise an interpretation should not be given the seasonally adjusted figures of accrued net income of farm operators.

(3) Includes net income of independent professional practitioners.

TABLE 12. Gross National Expenditure, by Quarters, 1966 and 1967 Seasonally Adjusted at Annual Rates
(million of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	33,956	34,112	35,304	35,988	34,840	36,544		
2. Government expenditure on goods and services(1, 2)	10,592	10,872	11,648	11,564	11,169	11,676		
3. Business gross fixed capital formation(3)	12,016	12,324	12,000	12,516	12,214	12,608		
4. New residential construction	2,220	2,336	2,096	2,060	2,178	1,888		
5. New non-residential construction	4,788	4,832	4,628	4,996	4,811	5,076		
6. New machinery and equipment	5,008	5,156	5,276	5,460	5,225	5,644		
7. Value of physical change in inventories	988	1,668	588	736	995	36		
8. Non-farm business inventories	792	1,392	564	580	832	172		
9. Farm inventories and grain in commercial channels(4)	196	276	24	156	163	- 136		
10. Exports of goods and services(5)	12,516	12,572	13,096	13,292	12,869	14,332		
11. Deduct: Imports of goods and services	- 13,436	- 13,616	- 14,248	- 14,580	- 13,970	- 15,024		
12. Residual error of estimate	- 240	- 312	- 420	- 372	- 336	- 20		
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	56,392	57,620	57,968	59,144	57,781	60,152		
Detail of Farm Inventories and GICC:								
Value of grain crop production	1,564	1,564	1,564	1,564	1,564	1,200		
Depletions of farm stocks of grain	- 1,224	- 1,372	- 1,612	- 1,404	- 1,403	- 1,356		
Change in livestock inventories	- 100	36	48	- 32	- 12	- 16		
Grain in commercial channels	- 44	48	24	28	14	36		

(1) See footnote 1, Table 2.

(2) For details of defence expenditures, see line 3, Table 16.

(3) See footnote 3, Table 2.

(4) In the seasonally adjusted series, the value of grain production in each quarter is taken as one-fourth of the estimated value of crop production for the year as a whole (see footnote 2, Table 11). All other items in the farm inventories series are seasonally adjusted by standard techniques.

(5) Revised figures not incorporated into the Accounts as per note on page 15.

Exports	12,616	12,668	13,192	13,388	12,966	14,428
Imports	13,472	13,656	14,288	14,620	14,009	15,064

TABLE 13. Source of Personal Income, by Quarters, 1966 and 1967 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income	28,332	28,960	29,592	30,412	29,324	31,220		
2. Deduct: Employer and employee contributions to social insurance and government pension funds	- 1,504	- 1,852	- 1,928	- 1,980	- 1,816	- 1,988		
3. Military pay and allowances	684	568	588	644	621	748		
4. Net income received by farm operators from farm production(1)	2,044	2,080	2,056	2,012	2,048	2,144		
5. Net income of non-farm unincorporated business	2,936	2,852	3,000	3,008	2,949	2,924		
6. Interest, dividends, and net rental income of persons(2)	4,396	4,444	4,596	4,708	4,536	4,744		
Transfer payments to persons:								
7. From government (excluding interest)	4,692	4,904	5,084	5,344	5,006	5,544		
8. Charitable contributions by corporations	44	44	44	44	44	44		
9. PERSONAL INCOME	41,624	42,000	43,032	44,192	42,712	45,380		

(1) This item differs from line 6, Table 11, by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.

(2) Includes all government debt interest paid to persons.

TABLE 14. Disposition of Personal Income, by Quarters, 1966 and 1967 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Personal direct taxes	4,216	4,156	4,564	4,800	4,434	5,460		
2. Income taxes	3,652	3,580	3,972	4,212	3,854	4,912		
3. Succession duties and estate taxes	236	212	252	212	228	200		
4. Miscellaneous	328	364	340	376	352	348		
5. Personal expenditure on consumer goods and services	33,956	34,112	35,304	35,988	34,840	36,544		
6. Non-durable goods	16,300	16,728	17,104	17,520	16,913	17,724		
7. Durable goods	4,272	3,828	4,308	4,268	4,169	4,192		
8. Services(1)	13,384	13,556	13,892	14,200	13,758	14,628		
9. Personal net saving	3,452	3,732	3,164	3,404	3,438	3,376		
10. PERSONAL INCOME	41,624	42,000	43,032	44,192	42,712	45,380		
11. (Personal disposable income)(2)	(37,408)	(37,844)	(38,468)	(39,392)	(38,278)	(39,920)		

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 15. Government Revenue, by Quarters, 1966 and 1967 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Direct taxes - Persons	4,216	4,156	4,564	4,800	4,434	5,460		
2. Federal	2,832	2,744	3,048	3,196	2,955	3,692		
3. Provincial and municipal	1,384	1,412	1,516	1,604	1,479	1,768		
4. Direct taxes - Corporations	2,128	2,248	2,188	2,196	2,190	2,052		
5. Federal(1)	1,596	1,688	1,636	1,648	1,642	1,500		
6. (Federal tax collections)(1)	(1,724)	(1,724)	(1,740)	(1,732)	(1,730)	(1,740)		
7. Provincial	532	560	552	548	548	552		
8. (Provincial tax collections)	(548)	(636)	(540)	(564)	(572)	(608)		
Withholding taxes:								
9. Federal(2)	176	204	200	232	203	196		
10. Indirect taxes	8,148	8,208	8,344	8,408	8,277	8,980		
11. Federal	3,524	3,556	3,596	3,632	3,577	3,832		
12. Provincial and municipal(3)	4,624	4,652	4,748	4,776	4,700	5,148		
13. Investment income	1,796	1,912	1,804	1,928	1,860	1,880		
14. Federal	612	716	608	716	663	620		
15. Provincial and municipal	1,184	1,196	1,196	1,212	1,197	1,260		
16. Employer and employee contributions to social insurance and government pension funds	1,504	1,852	1,928	1,980	1,816	1,988		
17. Federal	624	696	700	704	681	680		
18. Provincial and municipal	400	412	436	436	421	452		
19. Canada Pension Plan(4)	360	552	584	628	531	640		
20. Quebec Pension Plan(4)	120	192	208	212	183	216		
Transfers from Federal:								
21. Provincial and municipal	1,508	1,684	1,636	1,808	1,659	1,720		
22. TOTAL REVENUE	19,476	20,264	20,664	21,352	20,439	22,276		
23. FEDERAL	9,364	9,604	9,788	10,128	9,721	10,520		
24. PROVINCIAL AND MUNICIPAL	9,632	9,916	10,084	10,384	10,004	10,900		
25. CANADA PENSION PLAN	360	552	584	628	531	640		
26. QUEBEC PENSION PLAN	120	192	208	212	183	216		

(1) "See footnote 1, Table 5."

(2) "See footnote 2, Table 5."

(3) The quarterly figures of real property taxes unadjusted and seasonally adjusted are obtained by dividing annual totals by four since real property taxes accrue uniformly throughout the taxation year. Because in recent years, changes in real property tax rates have been generally upward this treatment gives rise to fictitious seasonal between the fourth and first quarters in the seasonally adjusted indirect taxes series.

(4) Estimates of a normal quarterly pattern have been used to seasonally adjust the contributions to the Canada and Quebec Pension Plans. No precise interpretation can be placed on the quarterly movements of these series until a later date.

TABLE 16. Government Expenditure, by Quarters, 1966 and 1967 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Goods and services	10,592	10,872	11,648	11,564	11,169	11,676		
2. Federal	3,652	3,676	3,992	4,200	3,880	4,084		
3. (Defence)	(1,664)	(1,612)	(1,720)	(1,856)	(1,713)	(1,676)		
4. Provincial and municipal	6,940	7,196	7,656	7,364	7,289	7,592		
5. Transfer payments to persons (excluding interest on the public debt)	4,692	4,904	5,084	5,344	5,006	5,544		
6. Federal	2,392	2,452	2,520	2,548	2,478	2,784		
7. Provincial and municipal	2,300	2,452	2,564	2,796	2,528	2,760		
8. Interest on the public debt	1,732	1,764	1,832	1,828	1,789	1,824		
9. Federal	1,124	1,128	1,168	1,184	1,151	1,140		
10. Provincial and municipal	608	636	664	644	638	684		
11. Subsidies	376	364	368	800	477	428		
12. Federal	240	296	252	692	370	276		
13. Provincial	136	68	116	108	107	152		
Capital Assistance:(1)								
14. Federal	32	88	56	60	59	52		
Transfers to other levels of government:								
15. Federal	1,508	1,684	1,636	1,808	1,659	1,720		
16. Total expenditure	18,932	19,676	20,624	21,404	20,159	21,244		
17. Federal	8,948	9,324	9,624	10,492	9,597	10,056		
18. Provincial and municipal	9,984	10,352	11,000	10,912	10,562	11,188		
19. Deficit (-) or surplus (+)	+ 544	+ 588	+ 40	- 52	+ 280	+ 1,032		
20. Federal	+ 416	+ 280	+ 164	- 364	+ 124	+ 464		
21. Provincial and municipal	- 352	- 436	- 916	- 528	- 558	- 288		
22. Canada Pension Plan	360	552	584	628	531	640		
23. Quebec Pension Plan	120	192	208	212	183	216		
24. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	19,476	20,264	20,664	21,352	20,439	22,276		
25. FEDERAL	9,364	9,604	9,788	10,128	9,721	10,520		
26. PROVINCIAL AND MUNICIPAL	9,632	9,916	10,084	10,384	10,004	10,900		
27. CANADA PENSION PLAN	360	552	584	628	531	640		
28. QUEBEC PENSION PLAN	120	192	208	212	183	216		

(1) See footnote 1, Table 6.

TABLE 17. Source of National Saving, by Quarters, 1966 and 1967 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Personal net saving	3,452	3,732	3,164	3,404	3,438	3,376		
2. Business gross saving	8,096	8,232	7,732	8,084	8,036	7,804		
3. Undistributed corporation profits	1,496	1,336	944	1,144	1,230	928		
4. Capital consumption allowances and miscellaneous valuation adjustments	6,428	6,644	6,536	6,756	6,591	6,932		
5. Adjustment on grain transactions(1)	140	164	196	124	156	- 108		
6. Capital assistance	32	88	56	60	59	52		
7. Inventory valuation adjustment	- 488	- 232	- 340	- 212	- 318	- 304		
8. Government surplus (+) or deficit (-)	544	588	40	- 52	280	1,032		
9. Residual error of estimate	240	316	420	368	336	24		
10. Totals	11,844	12,636	11,016	11,592	11,772	11,932		

(1) This item is an adjustment to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board. See also footnote 1, Table 3.

TABLE 18. Disposition of National Saving, by Quarters, 1966 and 1967 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Business gross fixed capital formation	12,016	12,324	12,000	12,516	12,214	12,608		
2. New residential construction	2,220	2,336	2,096	2,060	2,178	1,888		
3. New non-residential construction	4,788	4,832	4,628	4,996	4,811	5,076		
4. New machinery and equipment	5,008	5,156	5,276	5,460	5,225	5,644		
5. Value of physical change in inventories	988	1,668	588	736	995	36		
6. Surplus (+) or deficit (-) on current account with non-residents(1)	- 920	- 1,044	- 1,152	- 1,288	- 1,101	- 692		
7. Residual error of estimate	- 240	- 312	- 420	- 372	- 336	- 20		
8. Totals	11,844	12,636	11,016	11,592	11,772	11,932		

(1) Revised figures not incorporated as per note on page 15.

	1966					1967		
I	II	III	IV	Year	I	II	III	
- 856	- 988	- 1,096	- 1,232	- 1,043	- 636			

TABLE 19. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1966 and 1967(1)
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. GROSS NATIONAL PRODUCT AT MARKET PRICES ..	56,392	57,620	57,968	59,144	57,781	60,152		
2. Deduct: Residual error of estimate	- 240	- 316	- 420	- 368	- 336	- 24		
3. Indirect taxes less subsidies ..	- 7,772	- 7,844	- 7,976	- 7,608	- 7,800	- 8,552		
4. Income received from non-residents	- 328	- 312	- 252	- 304	- 299	- 284		
5. Add: Income paid to non-residents ...	1,100	1,116	1,128	1,276	1,155	1,064		
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	49,152	50,264	50,448	52,140	50,501	52,356		

(1) See footnote 1, Table 9.

TABLE 20. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1966 and 1967(1)
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	29,484	29,292	30,240	30,552	29,892	30,860		
2. Non-durable goods	14,256	14,508	14,772	15,052	14,647	15,252		
3. Durable goods	4,308	3,820	4,332	4,232	4,173	4,152		
4. Services	10,920	10,964	11,136	11,268	11,072	11,456		
5. Government expenditure on goods and services	7,924	8,148	8,600	8,328	8,250	8,148		
6. Business gross fixed capital formation ..	9,416	9,560	9,248	9,496	9,430	9,472		
7. New residential construction	1,664	1,736	1,540	1,480	1,605	1,348		
8. New non-residential construction	3,684	3,664	3,472	3,692	3,628	3,720		
9. New machinery and equipment	4,068	4,160	4,236	4,324	4,197	4,404		
10. Change in inventories	1,004	1,564	528	672	942	32		
11. Non-farm business inventories	788	1,280	496	544	777	148		
12. Farm inventories and grain in commercial channels	216	284	32	128	165	- 116		
13. Exports of goods and services	11,052	11,008	11,232	11,424	11,179	12,304		
(of which merchandise)	(9,048)	(9,008)	(9,232)	(9,440)	(9,182)	(10,292)		
14. Deduct: Imports of goods and services ...	- 11,632	- 11,744	- 12,216	- 12,372	- 11,991	- 12,732		
(of which merchandise)(2)	(8,520)	(8,624)	(8,880)	(9,060)	(8,771)	(9,520)		
15. Residual error of estimate	- 200	- 252	- 340	- 296	- 272	- 16		
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	47,048	47,576	47,292	47,804	47,430	48,068		

(1) See footnote 1, Table 10.

(2) See footnote(2) Table 10.

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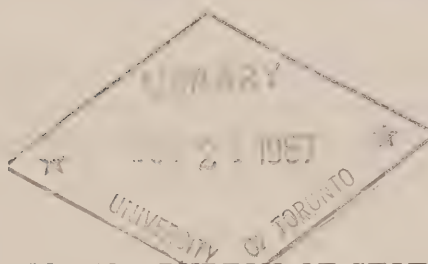
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QUARTERLY



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INCOME AND EXPENDITURE
SECOND QUARTER 1967**

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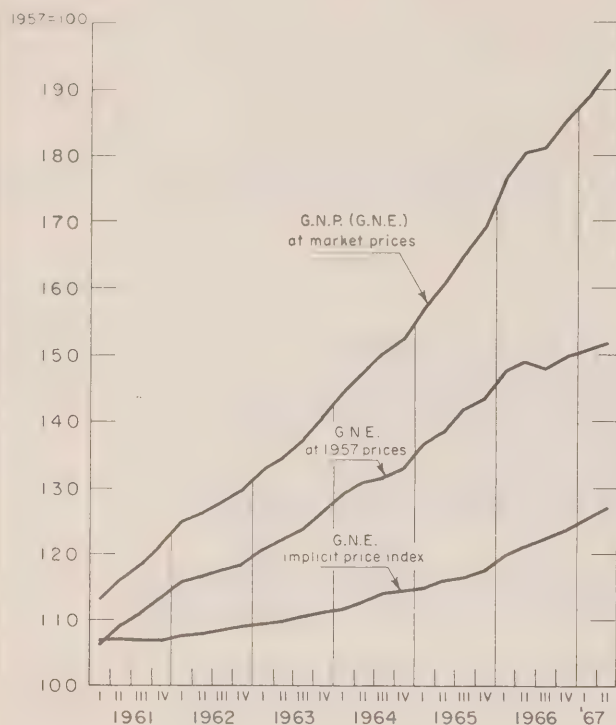
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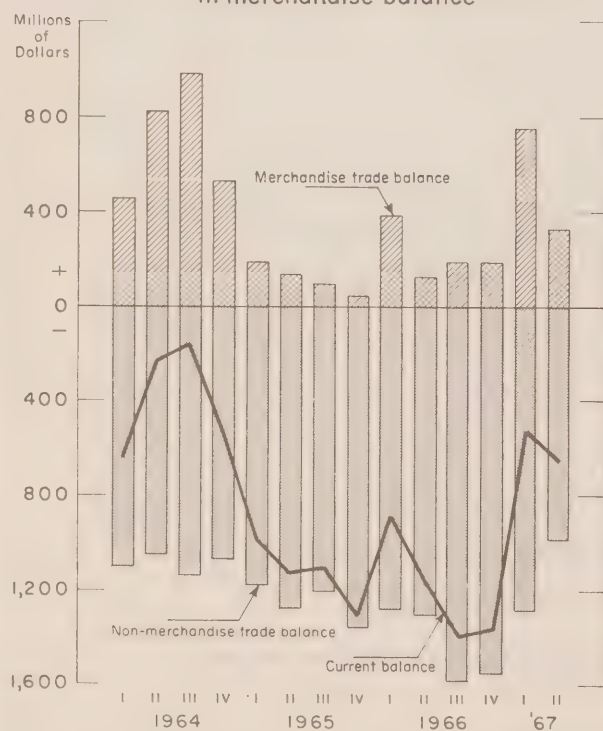
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G.N.P. rose 2.2 per cent in the second quarter.
In real terms the advance was close to 1 per cent.

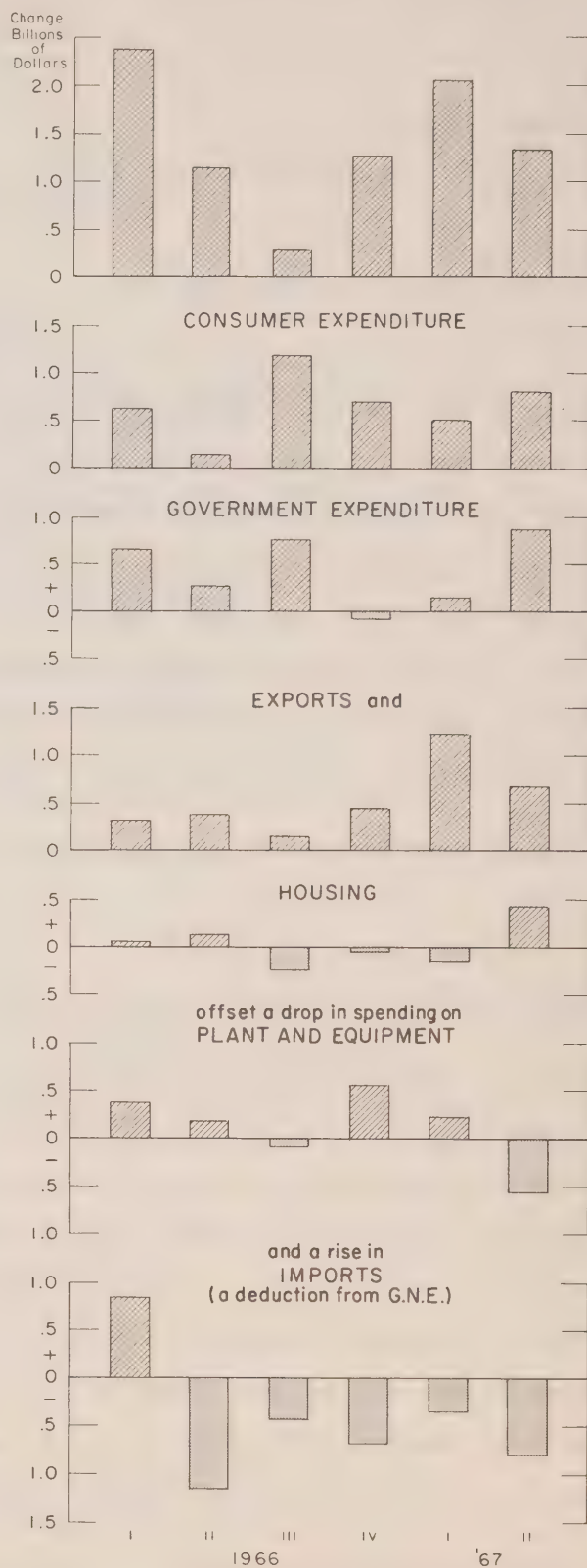


CURRENT ACCOUNT deficit increased as an improvement of \$300 million in service balance less than offset a drop of \$424 million in merchandise balance



ALL DATA SEASONALLY ADJUSTED, AT ANNUAL RATES

G.N.E. in current dollars rose \$1.3 billion in the second quarter as increases in



SECOND QUARTER 1967

(This report incorporates revised Balance of Payments data for the years 1964, 1965, 1966 and the first quarter of 1967. Factors affecting some of these revisions are discussed in the "Quarterly Estimates of the Canadian Balance of International Payments, Second Quarter 1967", catalogue No. 67-001.

Series in this publication affected by these revisions are indicated by the letter 'R').

INTRODUCTORY REVIEW

Gross National Product in the second quarter reached a level of \$61.5 billion, seasonally adjusted at annual rates, an increase of 2.2 per cent from the first quarter. With prices rising, this advance represented a gain of close to 1 per cent in real terms.

Although the rise in the current value of GNP roughly matches the average increase in three of the four preceding quarters, as a result of continuing price increases the advance in constant dollars compares less favourably, as shown in the following comparison:

Percentage Change from Preceding Quarter
Seasonally Adjusted Data

	1Q'66	2Q'66	3Q'66	4Q'66	1Q'67	2Q'67
GNP Current \$	4.5	2.0	0.5	2.2	1.8	2.2
GNE Constant \$	2.7	1.0	-0.7	1.3	0.5	0.8
Price (Implicit)	1.8	1.0	1.2	0.9	1.3	1.4

At over \$2 billion, the increase in total demand (GNE plus imports) was the largest in five quarters; components of demand displayed wide fluctuations. On the income side the factors of production contributed fairly evenly to the domestic portion of this increase; this was strongly reinforced by supplies coming from abroad. Although its effect cannot be fully evaluated in quantitative terms, centennial celebrations and in particular EXPO had a pervasive effect on the economy.

In absolute terms, seasonally adjusted, the main strength in demand came about equally from the government sector and persons. Expenditures on new residential construction increased sharply after three quarters of decline. Exports continued to advance with a gain of nearly \$700 million, following a \$1 billion advance in the first quarter. Offsetting these increases were declines in business construction and machinery and equipment, while investment in non-farm inventories added very little to overall demand.

The \$800 million increase in personal expenditure was widely shared. Aided by a 14 per cent rise in new car purchases -- only the second increase in the last seven quarters -- durables reversed the decline of the two previous quarters and advanced by $6\frac{1}{2}$ per cent, while many other items also increased substantially. A 22 per cent increase in outlays for new residential construction

added some \$432 million to demand; significantly affecting this rise was a special inflow of mortgage funds. This offset the declines of the last three quarters and restored expenditures to the level of a year ago. However, the availability of mortgage funds is decreasing, and housing starts in urban areas have been declining from the high point in May. The rate of investment in machinery and equipment declined for only the third time since 1961; a contributing factor to the lower value of investment was the reduction in April and the elimination in June of the sales tax on production machinery.

After a sizeable cut-back in the rate of accumulation in the first quarter, the rate of investment in non-farm business inventories showed virtually no change. Unlike the situation in the United States, where a substantial decline in the rate of accumulation took place in the last two quarters, in Canada this process was spread more evenly over the last four quarters.

The deficit on current account widened somewhat as the largest increase in imports in the expansion more than offset a considerable rise in exports. The gain in the exports was more than fully accounted for by a net gain in the travel account of \$800 million, while the surplus on merchandise account declined by over \$400 million as exports increased only fractionally from the exceptionally high levels of the first quarter.

On the income side, labour income increased by less than 2 per cent — the smallest quarterly gain since the fourth quarter of 1964. The trend of the previous quarter continued with small payroll increases in the goods-producing industries compared with the service industries. Most of the gain in employment was absorbed by the service sector; employment in goods-producing industries actually declined. Seasonally adjusted unemployment rates showed month-to-month increases in May and June but declined in both July and August. Corporation profits increased some $5\frac{1}{2}$ per cent from the low first quarter level, but remained significantly below the level of the first half of last year.

Price Movements

The implicit price index of gross national expenditure rose 1.4 per cent from the first quarter.

Seasonally adjusted food prices, which fell 1.2 per cent in the first quarter, declined fractionally this quarter; they were about 0.8 per cent below their level of the second quarter of 1966. Some increase occurred in miscellaneous meats, vegetables, and fish, but these were more than offset by price decreases in beef, eggs, pork, and poultry.

Non-food commodities showed an overall price increase of more than 1 per cent. This was partly a reflection of changes in sales tax. Tax increases in Quebec and in Newfoundland from 6 to 8 per cent and 5 to 6 per cent respectively affected the entire quarter, while a 5 per cent sales tax was introduced in Manitoba effective June first. Within non-durables, prices for men's clothing, footwear, and newspapers and magazines all increased by about 2 per cent on a seasonally adjusted basis. Electricity showed a sharp 10 per cent increase owing mainly to higher rates in Quebec and British Columbia. Price increase in durable goods was more moderate than in non-durables. Increases were relatively large in home furnishings, jewellery, and furniture, all of which increased by more than 1 per cent. A one-half per cent increase occurred in the seasonally adjusted price of cars.

Nearly all items contributed to the $2\frac{1}{2}$ per cent rise in service prices. Purchased transportation, education, and recreation rose by more than 3 per cent; a similar increase in medical care was largely the result of rises in the fees charged by medical practitioners and dentists.

The implicit price index for business gross fixed capital formation declined fractionally, the net effect of an upward movement in construction prices and a fall in the prices of machinery and equipment. Price increases in residential and non-residential construction reflected higher costs -- mostly in labour, but also in materials. The $2\frac{1}{2}$ per cent decline in seasonally adjusted machinery prices was largely due to changes in the federal sales tax on production machinery, which was lowered from 11 to 6 per cent in April and eliminated in June.

The following table summarizes the price changes outlined above:

Implicit Price Indexes
Percentage Change from the Preceding Quarter
(Based on Seasonally Adjusted Data)

	1966				1967	
	I	II	III	IV	I	II
Personal expenditure	1.3	1.1	0.51/	0.9	0.6	1.2
Non-durable goods	1.8	1.0	0.51/	0.5	-0.1	0.9
Durable goods	-0.5	1.0	-0.31/	1.3	0.4	0.8
Total goods	1.3	1.4	0.41/	0.8	0.1	0.8
of which: food	3.1	1.1	0.5	-	-1.2	-0.1
non-food goods	0.4	1.2	0.31/	1.2	0.7	1.3
Services, excluding net expenditure abroad	1.2	1.0	1.0	1.0	1.4	2.4
Government expenditure on goods and services	3.01/	0.61/	1.51/	2.11/	3.02/	2.12/
Business gross fixed capital formation	1.3	1.0	0.7	1.5	1.1	-0.2
New residential construction	1.6	0.9	1.1	2.3	0.6	2.2
New non-residential construction	1.4	1.5	1.1	1.5	0.9	1.5
New machinery and equipment	0.7	0.7	0.5	1.4	1.5	-2.7
Exports of goods and services	0.8	0.7	1.71/	0.41/	0.31/	0.11/
Imports of goods and services	0.3	0.4	0.5	0.9	-0.3	0.3
Gross national expenditure	1.8	1.0	1.2	0.9	1.3	1.4
(Base-weighted price index of gross national expenditure)	1.3	1.6	1.3	1.1	0.8	1.2

1/ The implicit price indexes in some quarters may not provide reasonable measures of price change as a result of marked quarter-to-quarter changes in expenditure patterns. Such was the case notably in the third quarter of 1966. The quarter-to-quarter changes footnoted in the table are based on price indexes in which the effect of changes in expenditure patterns has been discounted.

2/ Changes in this component for the first and second quarters of 1967 are not necessarily analytically significant.

The Components of Demand

Personal Expenditure on Consumer Goods and Services

Total personal expenditure reached a level of \$37.3 billion, seasonally adjusted at annual rates, an increase of more than 2 per cent from the first quarter as compared with a little less than 1½ per cent advance in the previous quarter. It should be noted that this total does not include the surge of expenditure made by foreign tourists coincident with EXPO 67 and centennial celebrations.^{1/}

The table below indicates the impact of this item on total personal expenditure in Canada:

	Millions of dollars, seasonally adjusted, at annual rates				
	4Q'66	1Q'67	2Q'67	Change	
				4Q-1Q	1Q-2Q
Non-durables	17,520	17,740	18,372	220	632
Durables	4,268	4,168	4,440	-100	272
Services (excluding NEA)	14,104	14,512	15,108	408	596
Total personal expenditure in Canada	35,892	36,420	37,920	528	1,500
Net expenditure abroad (NEA)	96	68	-632	-28	-700
Personal expenditure on consumer goods and services	35,988	36,488	37,288	500	800

^{1/} Personal expenditure on consumer goods and services is a measure of all expenditures by Canadian residents, including those temporarily abroad. Since measures of the value of outlays on consumer goods and services in Canada are derived from sales made within the territorial boundaries of Canada, the values must be adjusted to include expenditures abroad by Canadian residents and to exclude outlays in Canada by non-residents. This adjustment is called Net expenditure abroad.

Net expenditure abroad is composed of outlays on both commodities and services. As it is impossible to determine these elements in the net figures, the whole adjustment has traditionally been included with services. The item is generally small and does not significantly distort quarter-to-quarter comparisons of either aggregates or individual series. However, with the exceptional influx of tourists occurring in the second quarter of 1967 the adjustment to exclude purchases by non-residents has become large, distorting the analytical continuity of the Services series. The values of net expenditure abroad and the values of services excluding net expenditure abroad for the last six quarters are shown in the table below (in millions of dollars and seasonally adjusted at annual rates):

	<u>1Q'66</u>	<u>2Q'66</u>	<u>3Q'66</u>	<u>4Q'66</u>	<u>1Q'67</u>	<u>2Q'67</u>
Services including NEA	13,384	13,556	13,892	14,200	14,580	14,476
Services excluding NEA	13,268	13,488	13,772	14,104	14,512	15,108
Net expenditure abroad	116	68	120	96	68	-632

Almost all components of the non-durables category showed increases from the previous quarter. The largest increase occurred in expenditures on energy sources (fuel, electricity, gas) which rose by $7\frac{1}{2}$ per cent. The clothing category increased by 5 per cent. Within this category men's clothing showed the strongest gain, while women's and children's clothing advanced more moderately. Expenditures on tobacco increased by $4\frac{1}{2}$ per cent and on alcoholic beverages by 6 per cent. The food category rose by 2 per cent, while food prices decreased slightly. Spending for gasoline, oil and grease increased fractionally, declined 1 per cent for auto parts and accessories, and rose $3\frac{1}{2}$ per cent for household non-durables.

The dominant feature of the $6\frac{1}{2}$ per cent gain in durables was a 14 per cent increase in expenditures on new automobiles. A parallel increase in trade-ins coupled with a small decline in used car purchases resulted in a large decline in the net value of used cars purchased; taken together, expenditures on new and used autos rose by 9 per cent. Furniture showed an 11 per cent gain as against a 3 per cent decline last quarter, while appliances and radios rose by $4\frac{1}{2}$ per cent and home furnishings registered a second successive $4\frac{1}{2}$ per cent increase. Jewellery purchases rose by $5\frac{1}{2}$ per cent.

The 4 per cent increase in services inclusive of non-resident spending was largely centered in the three components significantly affected by EXPO. Sharpest was the $25\frac{1}{2}$ per cent gain in recreation expenditures, but notable also were the $9\frac{1}{2}$ per cent increase in purchased transportation (the revenues of urban transit facilities in Quebec in May and June were almost double those for the corresponding period in 1966) and the $4\frac{1}{2}$ per cent increase in miscellaneous services, which includes accommodations in hotels and motels. Gains of 2 to $2\frac{1}{2}$ per cent were made in user-operated transportation, household operations, and medical care; personal services rose by 1 per cent. The shelter component, accounting for nearly 40 per cent of the value of services, increased by one half of 1 per cent.

A 2 per cent increase in personal income, together with a $6\frac{1}{2}$ per cent decline in personal direct taxes, a largely irregular effect resulting from later than usual income tax refunds, produced a 3 per cent rise in personal disposable income and permitted both a 2 per cent advance in personal expenditure and nearly half a billion dollar increase in personal net saving.

Business Gross Fixed Capital Formation

Gross fixed capital formation in the second quarter was running at a seasonally adjusted annual rate of \$12.5 billion, some 1 per cent lower than in the first quarter, as increased outlays for housing failed to offset lower expenditures for new plant and equipment.

Expenditures for residential construction rose by 22 per cent between the first and second quarters of 1967. Housing starts, seasonally adjusted and at annual rates, jumped by 76,600 units to a record level of 198,200 units. Housing completions climbed 19,300 units to a level of 136,900 units.

Starts in urban areas dropped from 98,000 units, seasonally adjusted, in January to 92,600 in February, then rose in each of the next three months to a peak of 171,400 units in May. They showed little change in June and then slipped to 151,000 in July.

According to the mid-year review of investment intentions, spending on new housing was expected to reach \$2.26 billion, raising housing starts to above the 134,000 of last year. Because of the reduced carryover of incomplete houses into 1967, the number of units completed was expected to be considerably less than the 162,000 last year.

Business outlays on plant and equipment dropped 5.1 per cent between the first and second quarters. Non-residential construction expenditures declined by 5.7 per cent, and outlays for machinery and equipment by 4.5 per cent. Both domestic shipments and imports of producers' non-farm durable goods (other than transportation equipment) dropped in the second quarter. A special factor in the second quarter was the tax change relating to production machinery and equipment. This accounted for about half of the decrease in value of investment in machinery and equipment; in constant dollars the decline was about 2 per cent.

In the first six months of 1967, business outlays for plant and equipment at \$10.4 billion were very close to the mid-year investment intentions figure of \$10.3 billion.

Non-Farm Business Inventories

As in the first quarter, investment in non-farm business inventories contributed very little to the level of economic activity in the second quarter of 1967. Investment in inventories at a seasonally adjusted annual rate was \$184 million. From the following table it may be noted that although stocks of manufacturing industries increased, stocks of retailers declined while stocks of wholesalers remained virtually unchanged.

Value of Physical Change in Non-Farm Business Inventories (Seasonally Adjusted, at Annual Rates)

	1Q 1967 (millions of dollars)	2Q 1967
Manufacturing	40	248
Durables	88	132
Non-durables	-48	116
Wholesale	124	12
Retail	108	-88
"Other" industries	-96	12
Grand Total	176	184

Among manufacturing industries, though the accumulation was almost equal at the total level between durable and non-durable goods-producing industries, the change in the rate of increase from the previous quarter was much more pronounced in non-durables, where a shift from liquidation to accumulation took place. A small liquidation in the stocks of electrical and non-metallic industries was more than offset by a general increase in the stocks of other durable goods industries. Among the non-durable goods industries, significant increases in the food, tobacco and petroleum industries handsomely counterbalanced the liquidation which occurred in the stocks of paper and rubber industries.

Classified by level of processing, manufacturing stocks increased at all levels but more evidently in finished goods. With shipments being higher than new orders, the quarter ended with a lower backlog of unfilled orders. The ratio of total stocks-to-shipment was below that of the preceding quarter, but above the average of the past six years.

Stocks of retail trades of both durable and non-durable lines were lower at the total level, partly as a result of a notable increase in retail sales. The substantial accumulation of stocks of non-durables in the previous quarter was reversed and stocks were liquidated with the exception of food. Retailers of non-durable goods reduced their stocks at a faster rate than those of durable goods. Motor vehicle dealers continued to draw down their inventories although at a lower rate than that of the previous quarter. Even so, this liquidation more than offset the total accumulation in the rest of the durable goods trades.

Wholesale trades were also responsible for the moderate investment in stocks in the present quarter, showing almost no change from the previous quarter. A small accumulation in the stocks of durable goods lines which was mainly concentrated in industrial, transportation, commercial, institutional, and service equipment and supplies, was to some extent offset by a small liquidation in the non-durable segment of wholesale trade.

Exports and Imports of Goods and Services

The deficit in Canada's external account, on a national accounts basis, moved from a seasonally adjusted annual rate of \$536 million in the first quarter to \$660 million in the second. From the following table it may be noted that the change of \$124 million resulted from an improvement of \$300 million in non-merchandise trade failing to offset a drop of \$424 million in the merchandise trade surplus.

Exports and Imports of Goods and Services* (Seasonally adjusted, at annual rates, in millions of dollars)

Year	Quarter	Goods			Services			Current balance
		Exports	Imports	Net	Exports	Imports	Net	
1966	1st	9,968	9,576	392	2,692	3,972	-1,280	-888
	2nd	10,072	9,944	128	2,748	4,052	-1,304	-1,176
	3rd	10,532	10,344	188	2,744	4,332	-1,588	-1,400
	4th	10,732	10,544	188	2,804	4,356	-1,552	-1,364
1967	1st	11,596	10,840	756	2,912	4,204	-1,292	-536
	2nd	11,684	11,352	332	3,496	4,488	-992	-660
1Q'67 to 2Q'67 %		0.8	4.7		20.1	6.8		

*National Accounts figures do not include estimates of migrant funds and inheritances.

The improvement in the non-merchandise trade can be ascribed to a very large increase in EXPO-oriented tourist and travel receipts. There was as well a sharp drop in travel payments, along with a minor increase in freight and shipping receipts. Offsetting these favourable changes in part, however, was a rise in payments combined with a smaller decline in receipts of interest, dividends and miscellaneous transactions.

The decline in merchandise surplus resulted from an increase in merchandise exports of \$88 million compared with a rise of \$512 million in merchandise imports.

In exports, gains were made over the first quarter in newsprint, wheat clearances, crude petroleum, non-farm machinery, asbestos, natural gas, iron ore and re-exports. Declines were recorded in lumber, wood pulp, fish, aluminum, nickel, copper, zinc, fertilizers, and farm machinery.

Data are not available to indicate the items which contributed to the increase in imports from the first quarter. It is known that these increases were largely from United States sources.

The Government Sector

Total expenditures of all governments combined, excluding inter-governmental transfers, increased by over 7½ per cent in the second quarter to \$21,252 million from the first quarter of \$19,728 million. Over half of this increase resulted from higher expenditures on goods and services with the federal and provincial-municipal levels contributing about equally to the rise. At the federal level, higher outlays were made on both defence and non-defence items. The rise in expenditures on goods and services by provincial and municipal governments were in general the result of higher salaries and wages and higher spending on capital goods at the municipal level.

Also, federal transfer payments to other levels of government rose markedly in the quarter. This reflected, in part, changes in the new fiscal arrangements with the provinces which resulted in larger equalization payments. The new arrangements included a system of post-secondary education payments to the provinces which began in the second quarter and overlapped the former system of grants to universities. Payments under the Canada Assistance Plan, which commenced during the second quarter, also contributed to the sharp increase in federal transfers to other levels.

Total revenues of all governments combined increased only slightly from \$20,536 million in the first quarter to \$20,580 million in the second quarter. However, there were divergent and irregular movements in the components.

Revenues from personal direct taxes declined by $6\frac{1}{2}$ per cent from the unusually high rate of the first quarter. The irregular movement in this series is partly a reflection of a later start in processing of the 1966 income tax returns, causing a shift in the pattern of refunds from the first to the second quarter.

Revenues from indirect taxes declined by slightly less than 1 per cent. Federal revenues from this source declined by almost 3 per cent, mainly due to changes in the sales tax rate on production machinery and equipment. The federal decline was partially offset by rising provincial-municipal revenues which were affected by higher retail sales tax rates in Quebec and the imposition of a retail sales tax in Manitoba.

Offsetting the declines in revenues from personal direct taxes and from indirect taxes were increased corporation tax liabilities and a sharp rise in investment income, largely due to higher trading profits of federal government enterprises.

With total government spending increasing by over $7\frac{1}{2}$ per cent while government revenues remained virtually unchanged, the government sector as a whole (inclusive of the Canada and Quebec pension plans) moved from a surplus, on a National Accounts basis and seasonally adjusted at annual rates, of \$808 million in the first quarter to a deficit of \$672 million in the second quarter. Most of the change came at the federal level and resulted, in part, from the irregular movements mentioned above in both the revenue and expenditure series in the first and second quarters. It should be noted that in a period of such irregularities the averaging process inherent in the seasonal procedure may sometimes not fully reflect the true movement of the current situation. This is particularly true where a series is not seasonally adjusted directly but is obtained as a difference of large, seasonally adjusted aggregates, such as in the case of the surplus or deficit position of government.

The deficit at the provincial-municipal level narrowed slightly during the quarter while the surplus of the Canada and Quebec pension plans showed little change.

The Components of Income

Labour Income

During the second quarter of 1967 the total labour income (seasonally adjusted) increased by almost 2 per cent. This compared with an increase of over $2\frac{1}{2}$ per cent in the first quarter of 1967. The goods-producing industries were responsible for this reduced rate of payroll increase, showing little change compared with a 2 per cent rise in the first quarter, while the service-producing industries continued their advance, increasing by over 3 per cent.

The total labour force in the country continued to grow with increasing participation from females and juveniles as well as regular growth increases. The bulk of the increase in the quarter was absorbed by the service industries. The goods-producing industries experienced a decline in employment which was apparent in most of the industries, notably so in manufacturing, construction (especially in the engineering sector), and forestry. This decline in the goods-producing industries was partially offset by increases in average weekly hours worked from a low in the first quarter and by slight increases in average hourly earnings.

Seasonally adjusted, the increase in wages and salaries in the manufacturing industries was 1 per cent and in mining, 3 per cent. However, in construction and forestry they declined by $2\frac{1}{2}$ per cent and 5 per cent respectively. All service-producing industries showed continued increases in wages and salaries, roughly at the rate established in 1966 and in the first quarter of 1967. Lower average weekly wages and salaries in the service-producing industries, relative to the goods-producing industries, affected the lower rate of increase in total labour income in the second quarter.

Corporation Profits

Seasonally adjusted at annual rates, net corporation profits (before taxes and before dividends paid to non-residents) moved ahead to a level of \$4.9 billion in the second quarter of 1967. This represents an improvement of $5\frac{1}{2}$ per cent over the first quarter level.

The long pronounced general rise in the level of net profits which commenced in mid-1961 levelled off in the last quarter of 1965 and remained stable through the first half of 1966. After a fall-off in the profit level in the third quarter of 1966, profits rebounded in the fourth quarter, but slipped again in the first quarter of 1967. Second quarter profits moved ahead at a brisk pace, but failed to advance to the high levels that prevailed in the late stages of the upswing in profits.

Within the industry groupings, marked rises were recorded in the transportation storage and communication industry, where subsidies influenced the upward trend, and the retail and service industries, whereas a moderate rise of 5 per cent was experienced in the wholesale trade industry. Profits in the manufacturing and finance industries held virtually steady with changes of less than 1 per cent.

A widespread mixture of rises and declines was scored in the manufacturing group. The strike-affected electrical industry experienced a slight rise in profits but remained at a relatively low level compared with profits achieved in earlier periods. Profits in the textile, wood, non-metallic mineral and miscellaneous categories decreased by more than 12 per cent from their first quarter level, whereas declines in the paper, printing, and petroleum and coal industries were more moderate -- 7, 10 and 4 per cent respectively. Offsetting these declines was a step-up in the profit level of the food and beverage industry, with a rise of 12 per cent, metal, 6 per cent, and chemicals, 2 per cent.

Net profits for the first half of 1967 showed a decline of 9 per cent from the corresponding period of 1966. This decline was more pronounced in the first quarter. The advance in capital consumption allowances in the first half of 1967 accounts for the greater part of this drop. On a gross basis, corporate profits edged down only 3 per cent.

In the half year comparison, net corporation profits slipped noticeably in the mining, manufacturing, transportation storage and communication, and wholesale trade industries with all showing declines exceeding 10 per cent. Profits in the retail trade industry drifted down 6 per cent. Profit rises were pronounced in the utility and service industries each with gains of over 15 per cent. The finance industry profits rose by 4 per cent.

Total manufacturing half year profits, as noted above, fell off with a large portion of the industries following this pattern. The electrical products industry experienced a significant slump in profits, with the food and beverage, textile, wood, paper, metal, non-metallic mineral, and chemical industries all registering drops of more than 10 per cent. Profits in the rubber, printing, and petroleum and coal industries exceeded their respective first half of 1966 levels.

Rent, Interest and Miscellaneous Investment Income

Seasonally adjusted, rent, interest and miscellaneous investment income rose by 7.4 per cent during the second quarter, reaching a record level of \$4,304 million at annual rates. Profits of government business enterprises accounted for \$228 million of the total increase of \$296 million in the quarter.

Accrued Net Income of Farm Operators

Accrued net income of farm operators from farm production seasonally adjusted showed little change from the first quarter. The value of livestock production increased sharply due mainly to inventory accumulation, while the value of grain production rose slightly. Offsetting these increases was a decline in cash income from the sale of other farm products, mostly the result of a substantial drop in cash income from the sale of tobacco from an irregularly high first quarter.

Net Income of Non-farm Unincorporated Business

Net income of non-farm unincorporated business rose to a seasonally adjusted annual rate of \$3,124 million, 5.5 per cent above the first quarter. Higher net incomes in the construction and service industries were mainly responsible for the increase.

Real Gross Domestic Product at Factor Cost

Production by Industry

Seasonally adjusted real domestic product less agriculture for the second quarter of 1967 rose by 1.6 per cent, resuming the quarter-to-quarter upward climb in non-agricultural output that had been interrupted by the slight drop that occurred in the first quarter of this year.

The service-producing industries provided the strength shown in the second-quarter increase, with the goods-producing industries adding only fractionally to their production.

Within the service industries, trade showed the largest advance, increasing by $4\frac{1}{2}$ per cent. This increase amounted to a contribution of 40 per cent toward the total increase in non-agricultural output. Wholesale trade rose by 6 per cent, while retail trade went up $3\frac{1}{2}$ per cent. Sales by motor vehicle dealers, which rose by $9\frac{1}{2}$ per cent, contributed significantly to the increase in retail trade; most of the other retail components also recorded advances. Many of the components of wholesale trade also increased, recovering from the low levels experienced in the first quarter of this year.

The community, recreation, business and personal service group contributed 21 per cent to the second quarter increase in total output. Production in both the business and personal service groups was apparently increased by EXPO.

The transportation, storage and communication grouping accounted for 18 per cent of the total increase in non-agricultural output. An increase of 3 per cent in this grouping was concentrated mainly in the transportation components. Statistics for the transportation of passengers appear to indicate that travel to and from EXPO was a major factor.

Within the goods-producing industries, mining, with a rise of 3 per cent, contributed 12 per cent to the total increase in non-agricultural output, largely because of a $7\frac{1}{2}$ per cent advance in the mining of crude petroleum.

Manufacturing, in contrast to most quarters, made only a minor contribution, of 9 per cent, to the change in total non-agricultural output. Almost all of this contribution came from the manufacturing of non-durables, chiefly the textile products and foods and beverages components. Although durables-manufacturing as a whole contributed little to the increase in total output for this quarter, the manufacture of motor vehicles rose by 11 per cent.

Electric power and gas utilities rose by $2\frac{1}{2}$ per cent. The contribution of this grouping, of 7 per cent, was divided almost evenly between the two components.

Construction, which was strike-affected, was one of the few industries to show a drop in the second-quarter. This decrease of $1\frac{1}{2}$ per cent, was the result of a 7 per cent fall in public construction. Within the private construction component, a large increase in housing, which represented a recovery to the levels of the first half of 1966, was almost totally offset by a decrease in non-residential construction. The decrease in total construction had only a minor dampening effect on the rise in total non-agricultural output.

TABLES UNADJUSTED FOR SEASONAL VARIATION

TABLE 1. National Income and Gross National Product, by Quarters, 1964 and 1965
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
Wages, salaries, and supplementary labour income	5,482	5,809	6,074	6,068	23,433	6,026	6,431	6,741	6,835	26,033
Military pay and allowances	140	150	147	146	583	145	153	149	140	587
Corporation profits before taxes	972	1,313	1,204	1,330	4,819	1,055	1,409	1,330	1,405	5,199
Deduct: Dividends paid to non-residents(1) ^r	- 185	- 137	- 164	- 267	- 753	- 197	- 148	- 161	- 274	- 780
Rent, interest and miscellaneous investment income	786	766	812	898	3,262	833	845	874	1,002	3,554
Accrued net income of farm operators from farm production(2)	12	186	1,118	148	1,464	10	100	1,305	230	1,645
Net income of non-farm unincorporated business(3)	557	666	654	843	2,720	581	720	712	864	2,877
Inventory valuation adjustment(4)	- 44	- 90	25	- 22	- 131	- 41	- 117	- 55	- 112	- 325
NET NATIONAL INCOME AT FACTOR COST ^r	7,720	8,663	9,870	9,144	35,397	8,412	9,393	10,895	10,090	38,790
Indirect taxes less subsidies	1,512	1,599	1,642	1,619	6,372	1,693	1,780	1,841	1,858	7,172
Capital consumption allowances and miscellaneous valuation adjustments	1,325	1,404	1,392	1,479	5,600	1,432	1,546	1,516	1,616	6,110
Residual error of estimate ^r	- 62	- 62	78	70	24	- 103	- 26	81	74	26
GROSS NATIONAL PRODUCT AT MARKET PRICES ^r ..	10,495	11,604	12,982	12,312	47,393	11,434	12,693	14,333	13,638	52,098
(Gross national product at market prices excluding accrued net income of farm operators) ^r	(10,483)	(11,418)	(11,864)	(12,164)	(45,929)	(11,424)	(12,593)	(13,028)	(13,408)	(50,453)

(1) Includes the withholding tax applicable to this item.

(2) Includes change in farm inventories as shown in line 11, Table 4. An adjustment has been made to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board.

(3) Includes net income of independent professional practitioners.

(4) See footnote 4, Table 2.

^r Revised figures. See page 5.

TABLE 2. Gross National Expenditure, by Quarters, 1964 and 1965
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
Personal expenditure on consumer goods and services	6,909	7,356	7,244	8,157	29,666	7,310	7,976	7,828	8,949	32,063
Government expenditure on goods and services(1,2)	1,948	2,154	2,323	2,229	8,654	2,091	2,427	2,606	2,472	9,596
Business gross fixed capital formation(3) ..	1,879	2,335	2,381	2,508	9,103	2,136	2,650	2,866	2,999	10,651
New residential construction	462	451	513	595	2,021	469	510	548	597	2,124
New non-residential construction	570	810	1,017	961	3,358	714	912	1,219	1,179	4,024
New machinery and equipment	847	1,074	851	952	3,724	953	1,228	1,099	1,223	4,503
Value of physical change in inventories(4) ..	25	- 158	896	- 377	386	214	- 15	1,085	- 336	948
Non-farm business inventories	313	32	156	15	516	492	96	164	153	905
Farm inventories and grain in commercial channels	- 288	- 190	740	- 392	- 130	- 278	- 111	921	- 489	43
Exports of goods and services ^r	2,155	2,739	2,939	2,745	10,578	2,289	2,782	3,128	3,066	11,265
Deduct: Imports of goods and services ^r ...	- 2,483	- 2,885	- 2,723	- 2,879	- 10,970	- 2,709	- 3,154	- 3,098	- 3,439	- 12,400
Residual error of estimate ^r	62	63	- 78	- 71	- 24	103	27	- 82	- 73	- 25
GROSS NATIONAL EXPENDITURE AT MARKET PRICES ^r	10,495	11,604	12,982	12,312	47,393	11,434	12,693	14,333	13,638	52,098

(1) Includes outlays on new durable assets such as building and highway construction by governments, other than government business enterprises. Also includes net purchases of government commodity agencies.

(2) For details of defence expenditures see line 3, Table 6.

(3) Includes capital expenditures by private and government business enterprises, private non-commercial institutions, and outlays on new residential construction by individuals and business investors.

(4) The book value of inventories is deflated to remove the effect of price changes and the derived "physical" change is then valued at average prices of the current period to obtain the value of physical change. The difference between this value of physical change and the change in book value is called the inventory valuation adjustment. (See line 8, Table 1).

^r Revised figures. See page 5.

TABLE 1. National Income and Gross National Product, by Quarters, 1966 and 1967
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
Wages, salaries, and supplementary labour income	6,840	7,269	7,571	7,644	29,324	7,563	7,987			
Military pay and allowances	168	145	147	161	621	183	172			
Corporation profits before taxes	1,124	1,449	1,234	1,380	5,187	997	1,382			
Deduct: Dividends paid to non-residents(1) ^r	- 174	- 144	- 152	- 327	- 797	- 151	- 145			
Rent, interest and miscellaneous investment income	921	948	947	1,087	3,903	980	1,045			
Accrued net income of farm operators from farm production(2)	100	201	1,662	241	2,204	138	206			
Net income of non-farm unincorporated business(3)	622	712	722	893	2,949	629	775			
Inventory valuation adjustment(4)	- 118	- 86	- 65	- 49	- 318	- 77	- 82			
NET NATIONAL INCOME AT FACTOR COST ^r	9,483	10,494	12,066	11,030	43,073	10,262	11,340			
Indirect taxes less subsidies	1,902	1,962	2,002	1,934	7,800	2,099	2,111			
Capital consumption allowances and miscellaneous valuation adjustments	1,554	1,691	1,613	1,733	6,591	1,696	1,839			
Residual error of estimate ^r	- 87	9	201	151	274	- 167	- 64			
GROSS NATIONAL PRODUCT AT MARKET PRICES ^r	12,852	14,156	15,882	14,848	57,738	13,890	15,226			
(Gross national product at market prices excluding accrued net income of farm operators) ^r	(12,752)	(13,955)	(14,220)	(14,607)	(55,534)	(13,752)	(15,020)			

(1) Includes the withholding tax applicable to this item.

(2) Includes change in farm inventories as shown in line 11, Table 4. An adjustment has been made to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board.

(3) Includes net income of independent professional practitioners.

(4) See footnote 4, Table 2.

^r Revised figures. See page 5.

TABLE 2. Gross National Expenditure, by Quarters, 1966 and 1967
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
Personal expenditure on consumer goods and services	8,059	8,553	8,556	9,672	34,840	8,689	9,370			
Government expenditure on goods and services(1,2)	2,438	2,676	3,177	2,878	11,169	2,712	2,935			
Business gross fixed capital formation(3)	2,626	3,218	3,116	3,254	12,214	2,733	3,303			
New residential construction	514	564	536	564	2,178	406	598			
New non-residential construction	920	1,187	1,356	1,348	4,811	977	1,158			
New machinery and equipment	1,192	1,467	1,224	1,342	5,225	1,350	1,547			
Value of physical change in inventories(4)	45	120	1,219	- 389	995	- 88	- 148			
Non-farm business inventories	390	272	67	103	832	243	- 5			
Farm inventories and grain in commercial channels	- 345	- 152	1,152	- 492	163	- 331	- 143			
Exports of goods and services ^r	2,729	3,253	3,624	3,467	13,073	3,151	3,834			
Deduct: Imports of goods and services ^r	- 3,133	- 3,655	- 3,609	- 3,883	- 14,280	- 3,475	- 4,133			
Residual error of estimate ^r	88	- 9	- 201	- 151	- 273	168	65			
GROSS NATIONAL EXPENDITURE AT MARKET PRICES ^r	12,852	14,156	15,882	14,848	57,738	13,890	15,226			

(1) Includes outlays on new durable assets such as building and highway construction by governments, other than government business enterprises. Also includes net purchases of government commodity agencies.

(2) For details of defence expenditures see line 3, Table 6.

(3) Includes capital expenditures by private and government business enterprises, private non-commercial institutions, and outlays on new residential construction by individuals and business investors.

(4) The book value of inventories is deflated to remove the effect of price changes and the derived "physical" change is then valued at average prices of the current period to obtain the value of physical change. The difference between this value of physical change and the change in book value is called the inventory valuation adjustment. (See line 8, Table 1).

^r Revised figures. See page 5.

TABLE 3. Source of Personal Income, by Quarters, 1964 and 1965
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
Wages, salaries, and supplementary labour income	5,482	5,809	6,074	6,068	23,433	6,026	6,431	6,741	6,835	26,033
Deduct: Employer and employee contributions to social insurance and government pension funds	- 223	- 222	- 233	- 234	- 912	- 232	- 231	- 247	- 249	- 959
Military pay and allowances	140	150	147	146	583	145	153	149	140	587
Net income received by farm operators from farm production(1)	162	97	1,020	74	1,353	262	55	1,226	146	1,689
Net income of non-farm unincorporated business	557	666	654	843	2,720	581	720	712	864	2,877
Interest, dividends and net rental income of persons(2)	920	951	936	992	3,799	998	1,015	1,019	1,097	4,129
Transfer payments to persons:										
From government (excluding interest)	1,119	1,025	979	1,010	4,133	1,204	1,104	1,096	1,098	4,502
Charitable contributions by corporations	11	11	11	11	44	11	11	11	11	44
PERSONAL INCOME	8,168	8,487	9,588	8,910	35,153	8,995	9,258	10,707	9,942	38,902

(1) This item differs from line 6, of Table 1, by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.

(2) Includes all government debt interest paid to persons.

TABLE 4. Disposition of Personal Income, by Quarters, 1964 and 1965
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
Personal direct taxes	768	916	856	888	3,428	911	1,044	958	999	3,912
Income taxes	624	801	756	776	2,957	746	914	830	865	3,355
Succession duties and estate taxes	41	55	37	46	179	42	49	60	58	209
Miscellaneous	103	60	63	66	292	123	81	68	76	348
Personal expenditure on consumer goods and services	6,909	7,356	7,244	8,157	29,666	7,310	7,976	7,828	8,949	32,063
Non-durable goods	3,259	3,408	3,578	4,144	14,389	3,417	3,663	3,847	4,507	15,434
Durable goods	805	1,002	803	982	3,592	827	1,115	889	1,170	4,001
Services(1)	2,845	2,946	2,863	3,031	11,685	3,066	3,198	3,092	3,272	12,628
Personal net saving	491	215	1,488	- 135	2,059	774	238	1,921	- 6	2,927
Personal saving excluding change in farm inventories	757	338	740	323	2,158	1,029	326	984	532	2,871
Value of physical change in farm inventories	- 266	- 123	748	- 458	- 99	- 255	- 88	937	- 538	56
PERSONAL INCOME	8,168	8,487	9,588	8,910	35,153	8,995	9,258	10,707	9,942	38,902
(Personal disposable income)(2)	(7,400)	(7,571)	(8,732)	(8,022)	(31,725)	(8,084)	(8,214)	(9,749)	(8,943)	(34,990)

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 3. Source of Personal Income, by Quarters, 1966 and 1967
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
Wages, salaries, and supplementary labour income	6,840	7,269	7,571	7,644	29,324	7,563	7,987			
Deduct: Employer and employee contributions to social insurance and government pension funds	- 384	- 477	- 487	- 468	- 1,816	- 490	- 533			
Military pay and allowances	168	145	147	161	621	183	172			
Net income received by farm operators from farm production(1)	275	112	1,525	136	2,048	389	111			
Net income of non-farm unincorporated business	622	712	722	893	2,949	629	775			
Interest, dividends and net rental income of persons(2)	1,084	1,111	1,129	1,212	4,536	1,165	1,203			
Transfer payments to persons:										
From government (excluding interest)	1,276	1,217	1,224	1,289	5,006	1,542	1,536			
Charitable contributions by corporations	11	11	11	11	44	11	11			
PERSONAL INCOME	9,892	10,100	11,842	10,878	42,712	10,992	11,262			

(1) This item differs from line 6, of Table 1, by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.

(2) Includes all government debt interest paid to persons.

TABLE 4. Disposition of Personal Income, by Quarters, 1966 and 1967
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
Personal direct taxes	1,029	1,106	1,113	1,186	4,434	1,319	1,349			
Income taxes	852	968	981	1,053	3,854	1,144	1,204			
Succession duties and estate taxes	59	53	63	53	228	49	53			
Miscellaneous	118	85	69	80	352	126	92			
Personal expenditure on consumer goods and services	8,059	8,553	8,556	9,672	34,840	8,689	9,370			
Non-durable goods	3,751	4,023	4,227	4,912	16,913	4,097	4,421			
Durable goods	958	1,062	951	1,198	4,169	924	1,229			
Services(1)	3,350	3,468	3,378	3,562	13,758	3,668	3,720			
Personal net saving	804	441	2,173	20	3,438	984	543			
Personal saving excluding change in farm inventories	1,098	558	1,073	560	3,289	1,285	682			
Value of physical change in farm inventories	- 294	- 117	1,100	- 540	149	- 301	- 139			
PERSONAL INCOME	9,892	10,100	11,842	10,878	42,712	10,992	11,262			
(Personal disposable income)(2)	(8,863)	(8,994)	(10,729)	(9,692)	(38,278)	(9,673)	(9,913)			

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 5. Government Revenue, by Quarters, 1964 and 1965
(millions of dollars)

[illegible]

TABLE 5. Government Revenue, by Quarters, 1966 and 1967
(millions of dollars)

No.	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
Direct taxes - Persons	1,029	1,106	1,113	1,186	4,434	1,319	1,349			
Federal	661	746	752	796	2,955	860	896			
Provincial and municipal	368	360	361	390	1,479	459	453			
Direct taxes - Corporations	452	607	544	587	2,190	431	586			
Federal	339	455	408	440	1,642	315	428			
(Federal tax collections)	(399)	(528)	(411)	(392)	(1,730)	(400)	(569)			
Provincial	113	152	136	147	548	116	158			
(Provincial tax collections)	(143)	(159)	(146)	(124)	(572)	(144)	(165)			
Withholding taxes:										
Federal	39	53	34	77	203	42	66			
Indirect taxes	1,985	2,045	2,114	2,133	8,277	2,192	2,220			
Federal	806	900	910	961	3,577	879	943			
Provincial and municipal	1,179	1,145	1,204	1,172	4,700	1,313	1,277			
Investment income	427	460	436	537	1,860	440	510			
Federal	133	178	151	201	663	118	194			
Provincial	294	282	285	336	1,197	315	309			
Canada Pension Plan						7	7			
Employer and employee contributions to social insurance and government pension funds	384	477	487	468	1,816	490	533			
Federal	158	167	178	178	681	172	174			
Provincial and municipal	100	103	109	109	421	113	116			
Canada Pension Plan	95	150	147	139	531	152	179			
Quebec Pension Plan	31	57	53	42	183	53	64			
Transfers from Federal:										
Provincial and municipal	391	432	388	448	1,659	441	539			
TOTAL REVENUE	4,707	5,180	5,116	5,436	20,439	5,355	5,803			
FEDERAL	2,136	2,499	2,433	2,653	9,721	2,386	2,701			
PROVINCIAL AND MUNICIPAL	2,445	2,474	2,483	2,602	10,004	2,757	2,852			
CANADA PENSION PLAN	95	150	147	139	531	159	186			
QUEBEC PENSION PLAN	31	57	53	42	183	53	64			

TABLE 6. Government Expenditure, by Quarters, 1964 and 1965
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
Goods and services	1,948	2,154	2,323	2,229	8,654	2,091	2,427	2,606	2,472	9,596
Federal	780	738	781	747	3,046	823	761	866	817	3,267
(Defence)	(455)	(379)	(362)	(388)	(1,584)	(460)	(352)	(380)	(370)	(1,562)
Provincial and municipal	1,168	1,416	1,542	1,482	5,608	1,268	1,666	1,740	1,655	6,329
Transfer payments to persons (excluding interest on the public debt)	1,119	1,025	979	1,010	4,133	1,204	1,104	1,096	1,098	4,502
Federal	633	566	505	535	2,239	657	594	534	531	2,316
Provincial and municipal	486	459	474	475	1,894	547	510	562	567	2,186
Interest on the public debt	350	404	366	406	1,526	375	436	389	435	1,635
Federal	236	259	253	247	995	253	271	262	266	1,052
Provincial and municipal	114	145	113	159	531	122	165	127	169	583
Subsidies	65	65	77	116	323	52	56	83	119	310
Federal	61	60	51	105	277	44	50	56	109	259
Provincial	4	5	26	11	46	8	6	27	10	51
Capital Assistance: (1)										
Federal	20	28	22	12	82	20	21	21	22	84
Transfers to other levels of government:										
Federal	298	326	305	323	1,252	386	367	313	361	1,427
Total expenditure	3,800	4,002	4,072	4,096	15,970	4,128	4,411	4,508	4,507	17,554
Federal	2,028	1,977	1,917	1,969	7,891	2,183	2,064	2,052	2,106	8,405
Provincial and municipal	1,772	2,025	2,155	2,127	8,079	1,945	2,347	2,456	2,401	9,149
Deficit (-) or Surplus	- 130	40	- 55	124	- 21	7	88	- 91	242	246
Federal(2)	- 248	140	158	246	296	- 230	269	190	339	568
Provincial and municipal	118	- 100	- 213	- 122	- 317	237	- 181	- 281	- 97	- 322
Canada Pension Plan										
Quebec Pension Plan										
TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	3,670	4,042	4,017	4,220	15,949	4,135	4,499	4,417	4,749	17,800
FEDERAL	1,780	2,117	2,075	2,215	8,187	1,953	2,333	2,242	2,445	8,973
PROVINCIAL AND MUNICIPAL	1,890	1,925	1,942	2,005	7,762	2,182	2,166	2,175	2,304	8,827
CANADA PENSION PLAN										
QUEBEC PENSION PLAN										

(1) From 1961 on, this item is treated as government current expenditure; prior to 1961, it was treated as capital transfer.

(2) The federal surplus/deficit position has been affected by irregular movements in both the income and expenditure series.
For details see pages 7 and 8.

TABLE 6. Government Expenditure, by Quarters, 1966 and 1967
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
Goods and services	2,438	2,676	3,177	2,878	11,169	2,712	2,935			
Federal	952	870	1,047	1,011	3,880	1,036	1,025			
(Defence)	(481)	(371)	(406)	(455)	(1,713)	(471)	(429)			
Provincial and municipal	1,486	1,806	2,130	1,867	7,289	1,676	1,910			
Transfer payments to persons (excluding interest on the public debt)	1,276	1,217	1,224	1,289	5,006	1,542	1,536			
Federal	675	623	580	600	2,478	777	778			
Provincial and municipal	601	594	644	689	2,528	765	758			
Interest on the public debt	409	474	433	473	1,789	433	515			
Federal	278	293	293	287	1,151	282	315			
Provincial and municipal	131	181	140	186	638	151	200			
Subsidies	83	83	112	199	477	93	109			
Federal	54	73	68	175	370	58	100			
Provincial	29	10	44	24	107	35	9			
Capital Assistance: (1)										
Federal	8	22	14	15	59	13	16			
Transfers to other levels of government:										
Federal	391	432	388	448	1,659	441	539			
Total expenditure	4,605	4,904	5,348	5,302	20,159	5,234	5,650			
Federal	2,358	2,313	2,390	2,536	9,597	2,607	2,773			
Provincial and municipal	2,247	2,591	2,958	2,766	10,562	2,627	2,877			
Deficit (-) or Surplus	102	276	- 232	134	280	121	153			
Federal(2)	- 222	186	43	117	124	- 221	- 72			
Provincial and municipal	198	- 117	- 475	- 164	- 558	130	- 25			
Canada Pension Plan	95	150	147	139	531	159	186			
Quebec Pension Plan	31	57	53	42	183	53	64			
TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	4,707	5,180	5,116	5,436	20,439	5,355	5,803			
FEDERAL	2,136	2,499	2,433	2,653	9,721	2,386	2,701			
PROVINCIAL AND MUNICIPAL	2,445	2,474	2,483	2,602	10,004	2,757	2,852			
CANADA PENSION PLAN	95	150	147	139	531	159	186			
QUEBEC PENSION PLAN	31	57	53	42	183	53	64			

(1) From 1961 on, this item is treated as government current expenditure; prior to 1961, it was treated as capital transfer.

(2) The federal surplus/deficit position has been affected by irregular movements in both the income and expenditure series.
For details see pages 7 and 8.

TABLE 7. Source of National Saving, by Quarters, 1964 and 1965
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
Personal net saving	491	215	1,488	- 135	2,059	774'	238	1,921	- 6	2,927
Business gross saving ^r	1,383	1,991	1,879	1,889	7,142	1,396	2,107	2,043	2,019	7,565
Undistributed corporation profits ^r	188	470	367	324	1,349	196	495	427	297	1,415
Capital consumption allowances and miscellaneous valuation adjustments	1,325	1,404	1,392	1,479	5,600	1,432	1,546	1,516	1,616	6,110
Adjustment on grain transactions(1)	- 150	89	98	74	111	- 252	45	79	84	- 44
Capital assistance	20	28	22	12	82	20	21	21	22	84
Inventory valuation adjustment	- 44	- 90	25	- 22	- 131	- 41	- 117	- 55	- 112	- 325
Government surplus or deficit (-)	- 130	40	- 55	124	- 21	7	88	- 91	242	246
Residual error of estimate ^r	- 62	- 62	78	71	25	- 103	- 26	81	74	26
Totals ^r	1,638	2,094	3,415	1,927	9,074	2,033	2,290	3,899	2,217	10,439

(1) This item is an adjustment to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board. See also footnote 1, Table 3.

^r Revised figures. See page 5.

TABLE 8. Disposition of National Saving, by Quarters, 1964 and 1965
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
Business gross fixed capital formation	1,879	2,335	2,381	2,508	9,103	2,136	2,650	2,866	2,999	10,651
New residential construction	462	451	513	595	2,021	469	510	548	597	2,124
New non-residential construction	570	810	1,017	961	3,358	714	912	1,219	1,179	4,024
New machinery and equipment	847	1,074	851	952	3,724	953	1,228	1,099	1,223	4,503
Value of physical change in inventories	25	- 158	896	- 377	386	214	- 15	1,085	- 336	948
Surplus or deficit (-) on current account with non-residents ^r	- 328	- 146	216	- 134	- 392	- 420	- 372	30	- 373	- 1,135
Residual error of estimate ^r	62	63	- 78	- 70	- 23	103	27	- 82	- 73	- 25
Totals ^r	1,638	2,094	3,415	1,927	9,074	2,033	2,290	3,899	2,217	10,439

^r Revised figures. See page 5.

TABLE 7. Source of National Saving, by Quarters, 1966 and 1967
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
Personal net saving	804	441	2,173	20	3,438	984	543			
Business gross saving ^r	1,654	2,287	2,072	2,042	8,055	1,628	2,371			
Undistributed corporation profits ^r	267	485	308	189	1,249	170	421			
Capital consumption allowances and miscellaneous valuation adjustments	1,554	1,691	1,613	1,733	6,591	1,696	1,839			
Adjustment on grain transactions(1)	- 175	89	137	105	156	- 251	95			
Capital assistance	8	22	14	15	59	13	16			
Inventory valuation adjustment	- 118	- 86	- 65	- 49	- 318	- 77	- 82			
Government surplus or deficit (-)	102	276	- 232	134	280	121	153			
Residual error of estimate ^r	- 87	9	201	151	274	- 167	- 64			
Totals ^r	2,355	2,927	4,149	2,298	11,729	2,489	2,921			

(1) This item is an adjustment to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board. See also footnote 1, Table 3.

^r Revised figures. See page 5.

TABLE 8. Disposition of National Saving, by Quarters,
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
Business gross fixed capital formation	2,626	3,218	3,116	3,254	12,214	2,733	3,303			
New residential construction	514	564	536	564	2,178	406	598			
New non-residential construction	920	1,187	1,356	1,348	4,811	977	1,158			
New machinery and equipment	1,192	1,467	1,224	1,342	5,225	1,350	1,547			
Value of physical change in inventories	45	120	1,219	- 389	995	- 88	- 148			
Surplus or deficit (-) on current account with non-residents ^r	- 404	- 402	15	- 416	- 1,207	- 324	- 299			
Residual error of estimate ^r	88	- 9	- 201	- 151	- 273	168	65			
Totals ^r	2,355	2,927	4,149	2,298	11,729	2,489	2,921			

^r Revised figures. See page 5.

TABLE 9. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1964 and 1965
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
GROSS NATIONAL PRODUCT AT MARKET PRICES ^r	10,495	11,604	12,982	12,312	47,393	11,434	12,693	14,333	13,638	52,098
Deduct: Residual error of estimate ^r ...	62	62	- 78	- 70	- 24	103	26	- 81	- 74	- 26
Indirect taxes less subsidies	- 1,512	- 1,599	- 1,642	- 1,619	- 6,372	- 1,693	- 1,780	- 1,841	- 1,858	- 7,172
Income received from non-residents ^r	- 67	- 60	- 54	- 151	- 332	- 70	- 76	- 73	- 103	- 322
Add: Income paid to non-residents ^r	239	219	219	333	1,010	260	244	225	357	1,086
GROSS DOMESTIC PRODUCT AT FACTOR COST ^r ..	9,217	10,226	11,427	10,805	41,675	10,034	11,107	12,563	11,960	45,664

(1) Annual data for earlier years are available in "National Accounts, Income and Expenditure, 1966", and previous years; (Catalogue No. 13-201); quarterly data are available on request.

^r Revised figures. See page 5.

TABLE 10. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1964 and 1965(1)
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
Personal expenditure on consumer goods and services	6,302	6,678	6,511	7,355	26,846	6,564	7,111	6,896	7,891	28,462
Non-durable goods	3,032	3,144	3,255	3,803	13,234	3,146	3,314	3,436	4,017	13,913
Durable goods	803	999	808	975	3,585	827	1,116	892	1,170	4,005
Services	2,467	2,535	2,448	2,577	10,027	2,591	2,681	2,568	2,704	10,544
Government expenditure on goods and services	1,546	1,791	1,989	1,787	7,113	1,595	1,919	2,166	1,891	7,571
Business gross fixed capital formation ..	1,598	1,952	1,982	2,074	7,606	1,729	2,124	2,299	2,382	8,534
New residential construction	384	369	413	475	1,641	370	396	423	455	1,644
New non-residential construction	490	684	856	800	2,830	576	725	971	924	3,196
New machinery and equipment	724	899	713	799	3,135	783	1,003	905	1,003	3,694
Change in inventories	78	- 179	795	- 340	354	253	- 36	976	- 255	938
Non-farm business inventories	323	45	110	8	486	481	109	115	169	874
Farm inventories and grain in commercial channels	- 245	- 224	685	- 348	- 132	- 228	- 145	861	- 424	64
Exports of goods and services ^r	1,981	2,488	2,655	2,486	9,610	2,081	2,509	2,783	2,725	10,098
(of which merchandise)	(1,626)	(2,039)	(2,015)	(1,974)	(7,654)	(1,710)	(2,032)	(2,076)	(2,253)	(8,071)
Deduct: Imports of goods and services ^r ..	- 2,167	- 2,513	- 2,397	- 2,555	- 9,632	- 2,364	- 2,779	- 2,692	- 3,003	- 10,838
(of which merchandise)(2)	(1,500)	(1,812)	(1,653)	(1,789)	(6,754)	(1,666)	(2,016)	(1,891)	(2,192)	(7,765)
Residual error of estimate ^r	54	56	- 69	- 62	- 21	88	23	- 70	- 62	- 21
GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS ^r	9,392	10,273	11,466	10,745	41,876	9,946	10,871	12,358	11,569	44,744

(1) The implicit price deflators of the seasonally unadjusted components of Gross National Expenditure, derived by dividing the value figures in Table 2 by the constant dollar figures in Table 10, are not suitable as indicators of quarter-to-quarter price change. This is because they are currently weighted and therefore are affected by compositional shifts which occur within the unadjusted components of Gross National Expenditure, on a quarter-to-quarter basis. Quarter-to-quarter comparisons based on seasonally adjusted data are less subject to the problem of shifting weights and may be used as a measure of price change.

(2) The statistical basis for deflating merchandise imports is subject to a significant margin of error.

^r Revised figures. See page 5.

TABLE 9. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1966 and 1967
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
GROSS NATIONAL PRODUCT AT MARKET PRICES ^r	12,852	14,156	15,882	14,848	57,738	13,890	15,226			
Deduct: Residual error of estimate ^r ...	87	- 9	- 201	- 151	- 274	167	64			
Indirect taxes less subsidies	- 1,902	- 1,962	- 2,002	- 1,934	- 7,800	- 2,099	- 2,111			
Income received from non-residents ^r	- 71	- 81	- 55	- 116	- 323	- 62	- 54			
Add: Income paid to non-residents ^r ..	247	250	230	408	1,135	237	261			
GROSS DOMESTIC PRODUCT AT FACTOR COST ^r ..	11,213	12,354	13,854	13,055	50,476	12,133	13,386			

(1) Annual data for earlier years are available in "National Accounts, Income and Expenditure, 1966", and previous years; (Catalogue No. 13-201); quarterly data are available on request.

^r Revised figures. See page 5.

TABLE 10. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1966 and 1967(1)
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
Personal expenditure on consumer goods and services	7,019	7,358	7,282	8,233	29,892	7,346	7,832			
Non-durable goods	3,310	3,494	3,616	4,227	14,647	3,554	3,774			
Durable goods	972	1,063	957	1,181	4,173	920	1,210			
Services	2,737	2,801	2,709	2,825	11,072	2,872	2,848			
Government expenditure on goods and services	1,753	2,004	2,436	2,057	8,250	1,831	2,009			
Business gross fixed capital formation ..	2,060	2,498	2,399	2,473	9,430	2,055	2,488			
New residential construction	386	418	394	407	1,605	290	417			
New non-residential construction	704	899	1,024	1,001	3,628	711	833			
New machinery and equipment	970	1,181	981	1,065	4,197	1,054	1,238			
Change in inventories	106	66	1,052	- 282	942	- 37	- 202			
Non-farm business inventories	380	272	- 4	129	777	224	12			
Farm inventories and grain in commercial channels	- 274	- 206	1,056	- 411	165	- 261	- 214			
Exports of goods and services ^r	2,415	2,846	3,095	2,989	11,345	2,714	3,288			
(of which: merchandise)	(2,025)	(2,346)	(2,379)	(2,494)	(9,244)	(2,321)	(2,692)			
Deduct: Imports of goods and services ^r ..	- 2,701	- 3,140	- 3,077	- 3,322	- 12,240	- 2,947	- 3,506			
(of which: merchandise)(2)	(1,971)	(2,350)	(2,197)	(2,443)	(8,961)	(2,205)	(2,658)			
Residual error of estimate ^r	73	- 8	- 165	- 123	- 223	134	51			
GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS ^r	10,725	11,624	13,022	12,025	47,396	11,096	11,960			

(1) The implicit price deflators of the seasonally unadjusted components of Gross National Expenditure, derived by dividing the value figures in Table 2 by the constant dollar figures in Table 10, are not suitable as indicators of quarter-to-quarter price change. This is because they are currently weighted and therefore are affected by compositional shifts which occur within the unadjusted components of Gross National Expenditure, on a quarter-to-quarter basis. Quarter-to-quarter comparisons based on seasonally adjusted data are less subject to the problem of shifting weights and may be used as a measure of price change.

(2) The statistical basis for deflating merchandise imports is subject to a significant margin of error.

^r Revised figures. See page 5.

TABLES ADJUSTED FOR SEASONAL VARIATION AND AT ANNUAL RATES

TABLE 11. National Income and Gross National Product, by Quarters, 1964 and 1965 Seasonally Adjusted at Annual Rates (millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
Wages, salaries, and supplementary labour income	22,744	23,112	23,724	24,152	23,433	25,008	25,600	26,344	27,180	26,033
Military pay and allowances	572	576	584	600	583	596	592	600	560	587
Corporation profits before taxes	4,692	4,756	4,772	5,056	4,819	5,040	5,112	5,344	5,300	5,199
Deduct: Dividends paid to non-residents(1) ^r ..	- 748	- 684	- 792	- 788	- 753	- 800	- 756	- 788	- 776	- 780
Rent, interest and miscellaneous investment income	3,224	3,176	3,276	3,372	3,262	3,384	3,516	3,516	3,800	3,554
Accrued net income of farm operators from farm production(2)	1,404	1,676	1,424	1,352	1,464	1,564	1,496	1,780	1,740	1,645
Net income of non-farm unincorporated business(3)	2,644	2,676	2,736	2,824	2,720	2,736	2,872	2,980	2,920	2,877
Inventory valuation adjustment	- 200	- 224	4	- 104	- 131	- 188	- 308	- 340	- 464	- 325
NET NATIONAL INCOME AT FACTOR COST ^r	34,332	35,064	35,728	36,464	35,397	37,340	38,124	39,436	40,260	38,790
Indirect taxes less subsidies	6,148	6,396	6,548	6,396	6,372	6,924	7,128	7,320	7,316	7,172
Capital consumption allowances and miscellaneous valuation adjustments	5,488	5,520	5,632	5,760	5,600	5,944	6,092	6,128	6,276	6,110
Residual error of estimate ^r	56	104	- 12	- 52	24	- 32	24	- 40	152	26
GROSS NATIONAL PRODUCT AT MARKET PRICES ^r ...	46,024	47,084	47,896	48,568	47,393	50,176	51,368	52,844	54,004	52,098
(Gross national product at market prices excluding accrued net income of farm operators) ^r	(44,620)	(45,408)	(46,472)	(47,216)	(45,929)	(48,612)	(49,872)	(51,064)	(52,264)	(50,453)

(1) See footnote 1, Table 1.

(2) Includes an arbitrary smoothing of crop production and standard seasonal adjustments for withdrawals of grain from farm stocks and the change in livestock items. Because of the arbitrary elements, too precise an interpretation should not be given the seasonally adjusted figures of accrued net income of farm operators.

(3) Includes net income of independent professional practitioners.

^r Revised figures. See page 5.

TABLE 12. Gross National Expenditure, by Quarters, 1964 and 1965 Seasonally Adjusted at Annual Rates (millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
Personal expenditure on consumer goods and services	29,000	29,296	29,984	30,384	29,666	30,748	31,644	32,520	33,340	32,063
Government expenditure on goods and services(1, 2)	8,536	8,600	8,552	8,928	8,654	9,248	9,540	9,660	9,936	9,596
Business gross fixed capital formation(3) ..	8,828	9,008	9,068	9,508	9,103	9,848	10,172	11,000	11,584	10,651
New residential construction	2,008	1,944	1,996	2,136	2,021	2,052	2,136	2,144	2,164	2,124
New non-residential construction	3,220	3,304	3,428	3,480	3,358	3,816	3,728	4,148	4,404	4,024
New machinery and equipment	3,600	3,760	3,644	3,892	3,724	3,980	4,308	4,708	5,016	4,503
Value of physical change in inventories ...	364	516	436	228	386	1,288	1,168	728	608	948
Non-farm business inventories	488	704	784	88	516	1,108	980	836	696	905
Farm inventories and grain in commercial channels(4)	- 124	- 188	- 348	140	- 130	180	188	- 108	- 88	43
Exports of goods and services ^r	10,096	10,748	10,832	10,636	10,578	10,712	10,940	11,460	11,948	11,265
Deduct: Imports of goods and services ^r	-10,740	-10,976	-10,992	-11,172	-10,970	-11,704	-12,076	-12,564	-13,256	-12,400
Residual error of estimate ^r	- 60	- 108	16	56	- 24	36	- 20	40	- 156	- 25
GROSS NATIONAL EXPENDITURE AT MARKET PRICES ^r	46,024	47,084	47,896	48,568	47,393	50,176	51,368	52,844	54,004	52,098
Detail of Farm Inventories and GICC:										
Value of grain crop production	1,132	1,132	1,136	1,132	1,133	1,300	1,300	1,300	1,304	1,301
Depletions of farm stocks of grain	- 1,384	- 1,324	- 1,248	- 1,172	- 1,282	- 1,188	- 1,168	- 1,116	- 1,340	- 1,203
Change in livestock inventories	48	92	16	44	50	- 4	- 40	- 28	- 96	- 42
Grain in Commercial Channels	80	- 88	- 252	136	- 31	72	96	- 264	44	- 13

(1) See footnote 1, Table 2.

(2) For details of defence expenditures, see line 3, Table 16.

(3) See footnote 3, Table 2.

(4) In the seasonally adjusted series, the value of grain production in each quarter is taken as one-fourth of the estimated value of crop production for the year as a whole (see footnote 2, Table 11). All other items in the farm inventories series are seasonally adjusted by standard techniques.

^r Revised figures. See page 5.

TABLE 11. National Income and Gross National Product, by Quarters, 1966 and 1967 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
Wages, salaries, and supplementary labour income	28,332	28,960	29,592	30,412	29,324	31,244	31,844			
Military pay and allowances	684	568	588	644	621	748	676			
Corporation profits before taxes	5,292	5,272	4,896	5,288	5,187	4,656	4,912			
Deduct: Dividends paid to non-residents(1) ^r	- 728	- 768	- 776	- 916	- 797	- 640	- 772			
Rent, interest and miscellaneous investment income	3,772	3,932	3,828	4,080	3,903	4,008	4,304			
Accrued net income of farm operators from farm production(2)	2,184	2,244	2,252	2,136	2,204	1,880	1,892			
Net income of non-farm unincorporated business(3)	2,936	2,852	3,000	3,008	2,949	2,960	3,124			
Inventory valuation adjustment	- 488	- 232	- 340	- 212	- 318	- 308	- 240			
NET NATIONAL INCOME AT FACTOR COST ^r	41,984	42,828	43,040	44,440	43,073	44,548	45,740			
Indirect taxes less subsidies	7,772	7,844	7,976	7,608	7,800	8,580	8,388			
Capital consumption allowances and miscellaneous valuation adjustments	6,428	6,644	6,536	6,756	6,591	6,936	7,128			
Residual error of estimate ^r	240	240	296	320	274	116	260			
GROSS NATIONAL PRODUCT AT MARKET PRICES ^r ...	56,424	57,556	57,848	59,124	57,738	60,180	61,516			
(Gross national product at market prices excluding accrued net income of farm operators) ^r	(54,240)	(55,312)	(55,596)	(56,988)	(55,534)	(58,300)	(59,624)			

(1) See footnote 1, Table 1.

(2) Includes an arbitrary smoothing of crop production and standard seasonal adjustments for withdrawals of grain from farm stocks and the change in livestock items. Because of the arbitrary elements, too precise an interpretation should not be given the seasonally adjusted figures of accrued net income of farm operators.

(3) Includes net income of independent professional practitioners.

^r Revised figures. See page 5.

TABLE 12. Gross National Expenditure, by Quarters, 1966 and 1967 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
Personal expenditure on consumer goods and services	33,956	34,112	35,304	35,988	34,840	36,488	37,288			
Government expenditure on goods and services(1, 2)	10,592	10,872	11,648	11,564	11,169	11,708	12,596			
Business gross fixed capital formation(3) ..	12,016	12,324	12,000	12,516	12,214	12,612	12,504			
New residential construction	2,220	2,336	2,096	2,060	2,178	1,928	2,360			
New non-residential construction	4,788	4,832	4,628	4,996	4,811	5,008	4,724			
New machinery and equipment	5,008	5,156	5,276	5,460	5,225	5,676	5,420			
Value of physical change in inventories	988	1,668	588	736	995	24	52			
Non-farm business inventories	792	1,392	564	580	832	176	184			
Farm inventories and grain in commercial channels(4)	196	276	24	156	163	-152	-132			
Exports of goods and services ^r	12,660	12,820	13,276	13,536	13,073	14,508	15,180			
Deduct: Imports of goods and services ^r ...	-13,548	-13,996	-14,676	-14,900	-14,280	-15,044	-15,840			
Residual error of estimate ^r	-240	-244	-292	-316	-273	-116	-264			
GROSS NATIONAL EXPENDITURE AT MARKET PRICES ^r	56,424	57,556	57,848	59,124	57,738	60,180	61,516			
Detail of Farm Inventories and GICC:										
Value of grain crop production	1,564	1,564	1,564	1,564	1,564	1,172	1,172			
Depletions of farm stocks of grain	-1,224	-1,372	-1,612	-1,404	-1,403	-1,324	-1,512			
Change in livestock inventories	-100	36	48	-32	-12	-36	96			
Grain in Commercial Channels	-44	48	24	28	14	36	112			

(1) See footnote 1, Table 2.

(2) For details of defence expenditures, see line 3, Table 16.

(3) See footnote 3, Table 2.

(4) In the seasonally adjusted series, the value of grain production in each quarter is taken as one-fourth of the estimated value of crop production for the year as a whole (see footnote 2, Table 11). All other items in the farm inventories series are seasonally adjusted by standard techniques.

^r Revised figures. See page 5.

TABLE 13. Source of Personal Income, by Quarters, 1964 and 1965 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
Wages, salaries, and supplementary labour income	22,744	23,112	23,724	24,152	23,433	25,008	25,600	26,344	27,180	26,033
Deduct: Employer and employee contributions to social insurance and government pension funds	- 884	- 912	- 924	- 928	- 912	- 920	- 948	- 980	- 988	- 959
Military pay and allowances	572	576	584	600	583	596	592	600	560	587
Net income received by farm operators from farm production(1)	1,572	1,248	1,272	1,320	1,353	2,080	1,244	1,720	1,712	1,689
Net income of non-farm unincorporated business	2,644	2,676	2,736	2,824	2,720	2,736	2,872	2,980	2,920	2,877
Interest, dividends and net rental income of persons(2)	3,748	3,784	3,812	3,852	3,799	4,048	4,044	4,164	4,260	4,129
Transfer payments to persons:										
From government (excluding interest)	4,080	4,104	4,136	4,212	4,133	4,404	4,424	4,604	4,576	4,502
Charitable contributions by corporations	44	44	44	44	44	44	44	44	44	44
PERSONAL INCOME	34,520	34,632	35,384	36,076	35,153	37,996	37,872	39,476	40,264	38,902

(1) This item differs from line 6, Table 10 by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.

(2) Includes all government debt interest paid to persons.

TABLE 14. Disposition of Personal Income, by Quarters, 1964 and 1965 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
Personal direct taxes	3,196	3,396	3,500	3,620	3,428	3,800	3,852	3,932	4,064	3,912
Income taxes	2,760	2,912	3,036	3,120	2,957	3,284	3,308	3,352	3,476	3,355
Succession duties and estate taxes	164	220	148	184	179	168	196	240	232	209
Miscellaneous	272	264	316	316	292	348	348	340	356	348
Personal expenditure on consumer goods and services	29,000	29,296	29,984	30,384	29,666	30,748	31,644	32,520	33,340	32,063
Non-durable goods	14,036	14,252	14,472	14,796	14,389	14,784	15,260	15,584	16,108	15,434
Durable goods	3,592	3,524	3,744	3,508	3,592	3,708	3,892	4,224	4,180	4,001
Services(1)	11,372	11,520	11,768	12,080	11,685	12,256	12,492	12,712	13,052	12,628
Personal net saving	2,324	1,940	1,900	2,072	2,059	3,448	2,376	3,024	2,860	2,927
PERSONAL INCOME	34,520	34,632	35,384	36,076	35,153	37,996	37,872	39,476	40,264	38,902
(Personal disposable income)(2)	(31,324)	(31,236)	(31,884)	(32,456)	(31,725)	(34,196)	(34,020)	(35,544)	(36,200)	(34,990)

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 13. Source of Personal Income, by Quarters, 1966 and 1967 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
Wages, salaries, and supplementary labour income	28,332	28,960	29,592	30,412	29,324	31,244	31,844			
Deduct: Employer and employee contributions to social insurance and government pension funds	- 1,504	- 1,852	- 1,928	- 1,980	- 1,816	- 1,988	- 2,064			
	684	568	588	644	621	748	676			
Military pay and allowances										
Net income received by farm operators from farm production(1)	2,044	2,080	2,056	2,012	2,048	1,988	1,720			
Net income of non-farm unincorporated business	2,936	2,852	3,000	3,008	2,949	2,960	3,124			
Interest, dividends and net rental income of persons(2)	4,396	4,444	4,596	4,708	4,536	4,724	4,828			
Transfer payments to persons:										
From government (excluding interest)	4,692	4,904	5,084	5,344	5,006	5,744	6,168			
Charitable contributions by corporations	44	44	44	44	44	44	44			
PERSONAL INCOME	41,624	42,000	43,032	44,192	42,712	45,464	46,340			

- (1) This item differs from line 6, Table 10 by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.
(2) Includes all government debt interest paid to persons.

TABLE 14. Disposition of Personal Income, by Quarters, 1966 and 1967 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
Personal direct taxes	4,216	4,156	4,564	4,800	4,434	5,472	5,112			
Income taxes	3,652	3,580	3,972	4,212	3,854	4,912	4,508			
Succession duties and estate taxes	236	212	252	212	228	196	212			
Miscellaneous	328	364	340	376	352	364	392			
Personal expenditure on consumer goods and services	33,956	34,112	35,304	35,988	34,840	36,488	37,288			
Non-durable goods	16,300	16,728	17,104	17,520	16,913	17,740	18,372			
Durable goods	4,272	3,828	4,308	4,268	4,169	4,168	4,440			
Services(1)	13,384	13,556	13,892	14,200	13,758	14,580	14,476			
Personal net saving	3,452	3,732	3,164	3,404	3,438	3,504	3,940			
PERSONAL INCOME	41,624	42,000	43,032	44,192	42,712	45,464	46,340			
(Personal disposable income)(2)	(37,408)	(37,844)	(38,468)	(39,392)	(38,278)	(39,992)	(41,228)			

- (1) Includes net expenditure abroad.
(2) Personal Income less Total Personal Direct Taxes.

TABLE 15. Government Revenue, by Quarters, 1964 and 1965 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
Direct taxes - Persons	3,196	3,396	3,500	3,620	3,428	3,800	3,852	3,932	4,064	3,912
Federal	2,412	2,552	2,604	2,664	2,558	2,720	2,760	2,660	2,720	2,715
Provincial and municipal	784	844	896	956	870	1,080	1,092	1,272	1,344	1,197
Direct taxes - Corporations	1,984	1,964	1,988	2,048	1,996	2,060	2,136	2,192	2,268	2,164
Federal(1)	1,492	1,476	1,484	1,540	1,498	1,544	1,600	1,636	1,712	1,623
(Federal tax collections)(1)	(1,416)	(1,744)	(1,540)	(1,720)	(1,605)	(1,576)	(1,896)	(1,628)	(1,760)	(1,715)
Provincial	492	488	504	508	498	516	536	556	556	541
(Provincial tax collections)	(436)	(532)	(480)	(520)	(492)	(544)	(584)	(544)	(536)	(552)
Withholding taxes:										
Federal(2)	132	136	140	152	140	160	172	164	176	168
Indirect taxes	6,452	6,668	6,796	6,864	6,695	7,164	7,372	7,592	7,800	7,482
Federal	2,708	2,840	2,920	2,920	2,847	3,040	3,172	3,332	3,444	3,247
Provincial and municipal(3)	3,744	3,828	3,876	3,944	3,848	4,124	4,200	4,260	4,356	4,235
Investment income	1,472	1,444	1,556	1,632	1,526	1,592	1,660	1,644	1,856	1,688
Federal	564	496	572	648	570	568	612	572	720	618
Provincial and municipal	908	948	984	984	956	1,024	1,048	1,072	1,136	1,070
Canada Pension Plan										
Employer and employee contributions to social insurance and government pension funds	884	912	924	928	912	920	948	980	988	959
Federal	560	584	572	580	574	584	600	608	616	602
Provincial and municipal	324	328	352	348	338	336	348	372	372	357
Canada Pension Plan(4)										
Quebec Pension Plan(4)										
Transfers from Federal:										
Provincial and municipal	1,160	1,272	1,272	1,304	1,252	1,496	1,444	1,316	1,452	1,427
TOTAL REVENUE	15,280	15,792	16,176	16,548	15,949	17,192	17,584	17,820	18,604	17,800
FEDERAL	7,868	8,084	8,292	8,504	8,187	8,616	8,916	8,972	9,388	8,973
PROVINCIAL AND MUNICIPAL	7,412	7,708	7,884	8,044	7,762	8,576	8,668	8,848	9,216	8,827
CANADA PENSION PLAN										
QUEBEC PENSION PLAN										

(1) "See footnote 1, Table 5."

(2) "See footnote 2, Table 5."

(3) The quarterly figures of real property taxes unadjusted and seasonally adjusted are obtained by dividing annual totals by four since real property taxes accrue uniformly throughout the taxation year. Because in recent years, changes in real property tax rates have been generally upward this treatment gives rise to fictitious seasonal between the fourth and first quarters in the seasonally adjusted indirect taxes series.

(4) Estimates of a normal quarterly pattern have been used to seasonally adjust the contributions to the Canada and Quebec Pension Plans. No precise interpretation can be placed on the quarterly movements of these series until a later date.

TABLE 15. Government Revenue, by Quarters, 1966 and 1967 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
Direct taxes - Persons	4,216	4,156	4,564	4,800	4,434	5,472	5,112			
Federal	2,832	2,744	3,048	3,196	2,955	3,692	3,296			
Provincial and municipal	1,384	1,412	1,516	1,604	1,479	1,780	1,816			
Direct taxes - Corporations	2,128	2,248	2,188	2,196	2,190	2,052	2,164			
Federal(1)	1,596	1,688	1,636	1,648	1,642	1,500	1,584			
(Federal tax collections)(1)	(1,724)	(1,724)	(1,740)	(1,732)	(1,730)	(1,740)	(1,856)			
Provincial	532	560	552	548	548	552	580			
(Provincial tax collections)	(548)	(636)	(540)	(564)	(572)	(548)	(652)			
Withholding taxes:										
Federal(2)	176	204	200	232	203	196	240			
Indirect taxes	8,148	8,208	8,344	8,408	8,277	8,968	8,900			
Federal	3,524	3,556	3,596	3,632	3,577	3,832	3,720			
Provincial and municipal(3)	4,624	4,652	4,748	4,776	4,700	5,136	5,180			
Investment income	1,796	1,912	1,804	1,928	1,860	1,860	2,100			
Federal	612	716	608	716	663	572	756			
Provincial and municipal	1,184	1,196	1,196	1,212	1,197	1,260	1,316			
Canada Pension Plan						28	28			
Employer and employee contributions to social insurance and government pension funds	1,504	1,852	1,928	1,980	1,816	1,988	2,064			
Federal	624	696	700	704	681	680	720			
Provincial and municipal	400	412	436	436	421	452	464			
Canada Pension Plan(4)	360	552	584	628	531	640	660			
Quebec Pension Plan(4)	120	192	208	212	183	216	220			
Transfers from Federal:										
Provincial and municipal	1,508	1,684	1,636	1,808	1,659	1,720	2,172			
TOTAL REVENUE	19,476	20,264	20,664	21,352	20,439	22,256	22,752			
FEDERAL	9,364	9,604	9,788	10,128	9,721	10,472	10,316			
PROVINCIAL AND MUNICIPAL	9,632	9,916	10,084	10,384	10,004	10,900	11,528			
CANADA PENSION PLAN	360	552	584	628	531	668	688			
QUEBEC PENSION PLAN	120	192	208	212	183	216	220			

(1) "See footnote 1, Table 5."

(2) "See footnote 2, Table 5."

(3) The quarterly figures of real property taxes unadjusted and seasonally adjusted are obtained by dividing annual totals by four since real property taxes accrue uniformly throughout the taxation year. Because in recent years, changes in real property tax rates have been generally upward this treatment gives rise to fictitious seasonal between the fourth and first quarters in the seasonally adjusted indirect taxes series.

(4) Estimates of a normal quarterly pattern have been used to seasonally adjust the contributions to the Canada and Quebec Pension Plans. No precise interpretation can be placed on the quarterly movements of these series until a later date.

TABLE 16. Government Expenditure, by Quarters, 1964 and 1965, Seasonally Adjusted at Annual Rates
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
Goods and services	8,536	8,600	8,552	8,928	8,654	9,248	9,540	9,660	9,936	9,596
Federal	3,028	3,052	2,996	3,108	3,046	3,204	3,132	3,312	3,420	3,267
(Defence)	(1,620)	(1,616)	(1,512)	(1,588)	(1,584)	(1,620)	(1,512)	(1,584)	(1,532)	(1,562)
Provincial and municipal	5,508	5,548	5,556	5,820	5,608	6,044	6,408	6,348	6,516	6,329
Transfer payments to persons (excluding interest on the public debt)	4,080	4,104	4,136	4,212	4,133	4,404	4,424	4,604	4,576	4,502
Federal	2,196	2,228	2,252	2,280	2,239	2,292	2,348	2,360	2,264	2,316
Provincial and municipal	1,884	1,876	1,884	1,932	1,894	2,112	2,076	2,244	2,312	2,186
Interest on the public debt	1,488	1,520	1,528	1,568	1,526	1,608	1,624	1,640	1,668	1,635
Federal	976	996	992	1,016	995	1,052	1,036	1,040	1,080	1,052
Provincial and municipal	512	524	536	552	531	556	588	600	588	583
Subsidies	304	272	248	468	323	240	244	272	484	310
Federal	260	228	200	420	277	192	192	220	432	259
Provincial	44	44	48	48	46	48	52	52	52	51
Capital Assistance: (1)										
Federal	80	112	88	48	82	80	84	84	88	84
Transfers to other levels of government:										
Federal	1,160	1,272	1,272	1,304	1,252	1,496	1,444	1,316	1,452	1,427
Total expenditure	15,648	15,880	15,824	16,528	15,970	17,076	17,360	17,576	18,204	17,554
Federal	7,700	7,888	7,800	8,176	7,891	8,316	8,236	8,332	8,736	8,405
Provincial and municipal	7,948	7,992	8,024	8,352	8,079	8,760	9,124	9,244	9,468	9,149
Deficit (-) or surplus	- 368	- 88	352	20	- 21	116	224	244	400	246
Federal (2)	168	196	492	328	296	300	680	640	652	568
Provincial and municipal	- 536	- 284	- 140	- 308	- 317	- 184	- 456	- 396	- 252	- 322
Canada Pension Plan										
Quebec Pension Plan										
TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	15,280	15,792	16,176	16,548	15,949	17,192	17,584	17,820	18,604	17,800
FEDERAL	7,868	8,084	8,292	8,504	8,187	8,616	8,916	8,972	9,388	8,973
PROVINCIAL AND MUNICIPAL	7,412	7,708	7,884	8,044	7,762	8,576	8,668	8,848	9,216	8,827
CANADA PENSION PLAN										
QUEBEC PENSION PLAN										

(1) See footnote 1, Table 6.

(2) The federal surplus deficit position has been affected by irregular movements in both the income and expenditure series.
For details see pages 7 and 8.

TABLE 16. Government Expenditure, by Quarters, 1966 and 1967 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
Goods and services	10,592	10,872	11,648	11,564	11,169	11,708	12,596			
Federal	3,652	3,676	3,992	4,200	3,880	4,036	4,488			
(Defence)	(1,664)	(1,612)	(1,720)	(1,856)	(1,713)	(1,660)	(1,864)			
Provincial and municipal	6,940	7,196	7,656	7,364	7,289	7,672	8,108			
Transfer payments to persons (excluding interest on the public debt)	4,692	4,904	5,084	5,344	5,006	5,744	6,168			
Federal	2,392	2,452	2,520	2,548	2,478	2,784	3,048			
Provincial and municipal	2,300	2,452	2,564	2,796	2,528	2,960	3,120			
Interest on the public debt	1,732	1,764	1,832	1,828	1,789	1,836	1,912			
Federal	1,124	1,128	1,168	1,184	1,151	1,140	1,212			
Provincial and municipal	608	636	664	644	638	696	700			
Subsidies	376	364	368	800	477	388	512			
Federal	240	296	252	692	370	276	412			
Provincial	136	68	116	108	107	112	100			
Capital Assistance: (1)										
Federal	32	88	56	60	59	52	64			
Transfers to other levels of government:										
Federal	1,508	1,684	1,636	1,808	1,659	1,720	2,172			
Total expenditure	18,932	19,676	20,624	21,404	20,159	21,448	23,424			
Federal	8,948	9,324	9,624	10,492	9,597	10,008	11,396			
Provincial and municipal	9,984	10,352	11,000	10,912	10,562	11,440	12,028			
Deficit (-) or surplus	544	588	40	- 52	280	808	- 672			
Federal (2)	416	280	164	- 364	124	464	- 1,080			
Provincial and municipal	- 352	- 436	- 916	- 528	- 558	- 540	- 500			
Canada Pension Plan	360	552	584	628	531	668	688			
Quebec Pension Plan	120	192	208	212	183	216	220			
TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	19,476	20,264	20,664	21,352	20,439	22,256	22,752			
FEDERAL	9,364	9,604	9,788	10,128	9,721	10,472	10,316			
PROVINCIAL AND MUNICIPAL	9,632	9,916	10,084	10,384	10,004	10,900	11,528			
CANADA PENSION PLAN	360	552	584	628	531	668	688			
QUEBEC PENSION PLAN	120	192	208	212	183	216	220			

(1) See footnote 1, Table 6.

(2) The federal surplus 1 deficit position has been affected by irregular movements in both the income and expenditure series.
For details see pages 7 and 8.

TABLE 17. Source of National Saving, by Quarters, 1964 and 1965 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
Personal net saving	2,324	1,940	1,900	2,072	2,059	3,448	2,376	3,024	2,860	2,927
Business gross saving ^r	6,676	7,456	7,116	7,320	7,142	6,836	7,868	7,776	7,780	7,565
Undistributed corporation profits ^r ..	1,276	1,396	1,244	1,480	1,349	1,328	1,440	1,504	1,388	1,415
Capital consumption allowances and miscellaneous valuation adjustments	5,488	5,520	5,632	5,760	5,600	5,944	6,092	6,128	6,276	6,110
Adjustment on grain transactions(1)	- 168	428	152	32	111	- 516	252	60	28	- 44
Capital assistance	80	112	88	48	82	80	84	84	88	84
Inventory valuation adjustment	- 200	- 224	4	- 104	- 131	- 188	- 308	- 340	- 464	- 325
Government surplus or deficit (-)	- 368	- 88	352	20	- 21	116	224	244	400	246
Residual error of estimate ^r	56	104	- 12	- 52	24	- 32	24	- 40	152	26
Totals ^r	8,488	9,188	9,360	9,256	9,073	10,180	10,184	10,664	10,728	10,439

(1) This item is an adjustment to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board. See also footnote 1, Table 3.
^r Revised figures. See page 5.

TABLE 18. Disposition of National Saving, by Quarters, 1964 and 1965 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
Business gross fixed capital formation	8,828	9,008	9,068	9,508	9,103	9,848	10,172	11,000	11,584	10,651
New residential construction	2,008	1,944	1,996	2,136	2,021	2,052	2,136	2,144	2,164	2,124
New non-residential construction	3,220	3,304	3,428	3,480	3,358	3,816	3,728	4,148	4,404	4,024
New machinery and equipment	3,600	3,760	3,644	3,892	3,724	3,980	4,308	4,708	5,016	4,503
Value of physical change in inventories	364	516	436	228	386	1,288	1,168	728	608	948
Surplus or deficit (-) on current account with non-residents ^r	- 644	- 228	- 160	- 536	- 392	- 992	- 1,136	- 1,104	- 1,308	- 1,135
Residual error of estimate ^r	- 60	- 108	16	56	- 24	36	- 20	40	- 156	- 25
Totals ^r	8,488	9,188	9,360	9,256	9,073	10,180	10,184	10,664	10,728	10,439

^r Revised figures. See page 5.

TABLE 17. Source of National Saving, by Quarters, 1966 and 1967 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
Personal net saving	3,452	3,732	3,164	3,404	3,438	3,504	3,940			
Business gross saving ^r	8,128	8,244	7,736	8,112	8,055	7,864	8,344			
Undistributed corporation profits ^r ..	1,528	1,348	948	1,172	1,249	984	980			
Capital consumption allowances and miscellaneous valuation adjustments	6,428	6,644	6,536	6,756	6,591	6,936	7,128			
Adjustment on grain transactions(1)	140	164	196	124	156	- 108	172			
Capital assistance	32	88	56	60	59	52	64			
Inventory valuation adjustment	- 488	- 232	- 340	- 212	- 318	- 308	- 240			
Government surplus or deficit (-)	544	588	40	- 52	280	808	- 672			
Residual error of estimate ^r	240	240	296	320	274	116	260			
Totals ^r	11,876	12,572	10,896	11,572	11,729	11,984	11,632			

(1) This item is an adjustment to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board. See also footnote 1, Table 3.

^r Revised figures. See page 5.

TABLE 18. Disposition of National Saving, by Quarters, 1966 and 1967 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
Business gross fixed capital formation	12,016	12,324	12,000	12,516	12,214	12,612	12,504			
New residential construction	2,220	2,336	2,096	2,060	2,178	1,928	2,360			
New non-residential construction	4,788	4,832	4,628	4,996	4,811	5,008	4,724			
New machinery and equipment	5,008	5,156	5,276	5,460	5,225	5,676	5,420			
Value of physical change in inventories	988	1,668	588	736	995	24	52			
Surplus or deficit (-) on current account with non-residents ^r	- 888	- 1,176	- 1,400	- 1,364	- 1,207	- 536	- 660			
Residual error of estimate ^r	- 240	- 244	- 292	- 316	- 273	- 116	- 264			
Totals ^r	11,876	12,572	10,896	11,572	11,729	11,984	11,632			

^r Revised figures. See page 5.

TABLE 19. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1964 and 1965
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
GROSS NATIONAL PRODUCT AT MARKET PRICES ^r	46,024	47,084	47,896	48,568	47,393	50,176	51,368	52,844	54,004	52,098
Deduct: Residual error of estimate ^r	- 56	- 104	12	52	- 24	32	- 24	40	- 152	- 26
Indirect taxes less subsidies	- 6,148	- 6,396	- 6,548	- 6,396	- 6,372	- 6,924	- 7,128	- 7,320	- 7,316	- 7,172
Income received from non-residents ^r	- 340	- 264	- 292	- 432	- 332	- 328	- 312	- 368	- 280	- 322
Add: Income paid to non-residents ^r	992	940	1,052	1,056	1,010	1,092	1,068	1,088	1,096	1,086
GROSS DOMESTIC PRODUCT AT FACTOR COST ^r	40,472	41,260	42,120	42,848	41,675	44,048	44,972	46,284	47,352	45,664

(1) See footnote 1, Table 9.

^r Revised figures. See page 5.

TABLE 20. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1964 and 1965(1)
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
Personal expenditure on consumer goods and services	26,404	26,568	27,076	27,336	26,846	27,564	28,144	28,808	29,332	28,462
Non-durable goods	12,968	13,132	13,256	13,580	13,234	13,512	13,780	14,000	14,360	13,913
Durable goods	3,576	3,516	3,756	3,492	3,585	3,704	3,888	4,236	4,192	4,005
Services	9,860	9,920	10,064	10,264	10,027	10,348	10,476	10,572	10,780	10,544
Government expenditure on goods and services	7,220	7,120	6,908	7,204	7,113	7,380	7,544	7,676	7,684	7,571
Business gross fixed capital formation	7,520	7,536	7,528	7,840	7,606	7,956	8,156	8,828	9,196	8,534
New residential construction	1,664	1,592	1,608	1,700	1,641	1,616	1,656	1,656	1,648	1,644
New non-residential construction	2,780	2,792	2,864	2,884	2,830	3,096	2,968	3,284	3,436	3,196
New machinery and equipment	3,076	3,152	3,056	3,256	3,135	3,244	3,532	3,888	4,112	3,694
Change in inventories	332	480	392	212	354	1,252	1,156	720	624	938
Non-farm business inventories	468	676	736	64	486	1,080	944	804	668	874
Farm inventories and grain in commercial channels	- 136	- 196	- 344	148	- 132	172	212	- 84	- 44	64
Exports of goods and services ^r	9,232	9,792	9,788	9,628	9,610	9,708	9,860	10,216	10,608	10,098
(of which merchandise)	(7,300)	(7,892)	(7,860)	(7,564)	(7,654)	(7,708)	(7,848)	(8,116)	(8,612)	(8,071)
Deduct: Imports of goods and services ^r	- 9,400	- 9,596	- 9,704	- 9,828	- 9,632	-10,240	-10,668	-10,960	-11,484	-10,838
(of which merchandise)(2)	(6,540)	(6,804)	(6,812)	(6,860)	(6,754)	(7,240)	(7,596)	(7,868)	(8,356)	(7,765)
Residual error of estimate ^r	- 52	- 96	16	48	- 21	28	- 16	36	- 132	- 21
GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS ^r	41,256	41,804	42,004	42,440	41,876	43,648	44,176	45,324	45,828	44,744

(1) See footnote 1, Table 10.

(2) See footnote 2, Table 10.

^r Revised figures. See page 5.

TABLE 19. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1966 and 1967
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
GROSS NATIONAL PRODUCT AT MARKET PRICES ^r	56,424	57,556	57,848	59,124	57,738	60,180	61,516			
Deduct: Residual error of estimate ^r	- 240	- 240	- 296	- 320	- 274	- 116	- 260			
Indirect taxes less subsidies	- 7,772	- 7,844	- 7,976	- 7,608	- 7,800	- 8,580	- 8,388			
Income received from non-residents ^r	- 340	- 340	- 280	- 332	- 323	- 292	- 228			
Add: Income paid to non-residents ^r	1,052	1,108	1,136	1,244	1,135	1,028	1,144			
GROSS DOMESTIC PRODUCT AT FACTOR COST ^r	49,124	50,240	50,432	52,108	50,476	52,220	53,784			

(1) See footnote 1, Table 9.

^r Revised figures. See page 5.

TABLE 20. Gross National Expenditure in Constant (1957) Dollars, by Quarters 1966 and 1967(1)
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
Personal expenditure on consumer goods and services	29,484	29,292	30,240	30,552	29,892	30,808	31,124			
Non-durable goods	14,256	14,508	14,772	15,052	14,647	15,268	15,680			
Durable goods	4,308	3,820	4,332	4,232	4,173	4,124	4,356			
Services	10,920	10,964	11,136	11,268	11,072	11,416	11,088			
Government expenditure on goods and services	7,924	8,148	8,600	8,328	8,250	8,180	8,620			
Business gross fixed capital formation	9,416	9,560	9,248	9,496	9,430	9,472	9,400			
New residential construction	1,664	1,736	1,540	1,480	1,605	1,376	1,648			
New non-residential construction	3,684	3,664	3,472	3,692	3,628	3,668	3,408			
New machinery and equipment	4,068	4,160	4,236	4,324	4,197	4,428	4,344			
Change in inventories	1,004	1,564	528	672	942	- 8	- 36			
Non-farm business inventories	788	1,280	496	544	777	152	132			
Farm inventories and grain in commercial channels	216	284	32	128	165	- 160	- 168			
Exports of goods and services ^r	11,152	11,212	11,380	11,636	11,345	12,464	12,956			
(of which merchandise)	(9,048)	(9,088)	(9,300)	(9,540)	(9,244)	(10,308)	(10,384)			
Deduct: Imports of goods and services ^r	-11,708	-12,044	-12,568	-12,640	-12,240	-12,804	-13,448			
(of which merchandise)(2)	(8,556)	(8,848)	(9,188)	(9,252)	(8,961)	(9,576)	(10,028)			
Residual error of estimate ^r	- 200	- 200	- 236	- 256	- 223	- 92	- 208			
GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS ^r	47,072	47,532	47,192	47,788	47,396	48,020	48,408			

(1) See footnote 1, Table 10.

(2) See footnote 2, Table 10.

^r Revised figures. See page 5.

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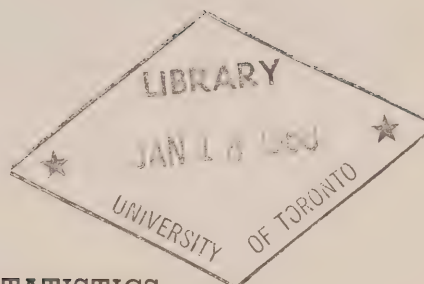
QUARTERLY



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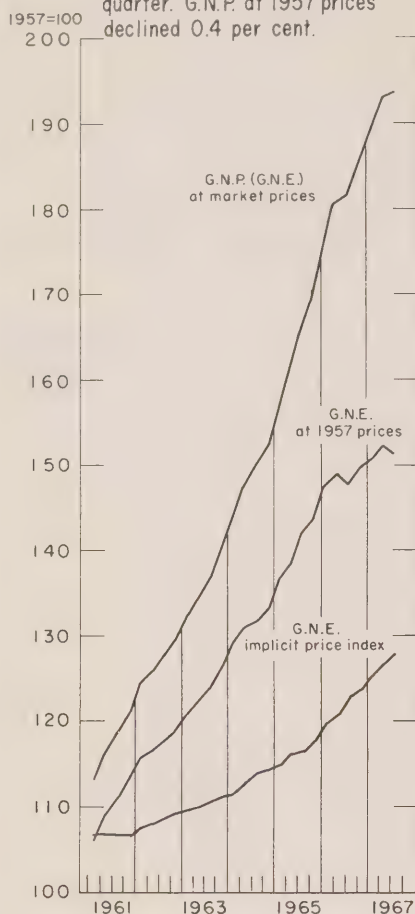
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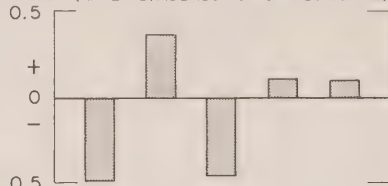
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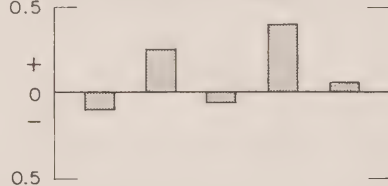
G.N.P. at current prices rose 0.5 per cent in the third quarter. G.N.P. at 1957 prices declined 0.4 per cent.



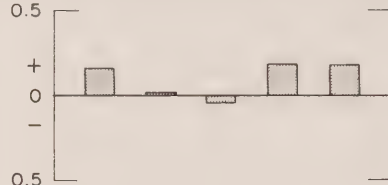
BILLION \$ CHANGE CORPORATION PROFITS and I.V.A. (AFTER DIVIDENDS TO NON-RESIDENTS)



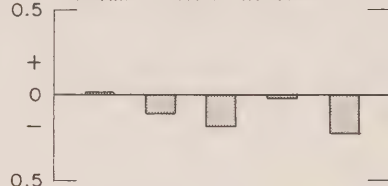
INVESTMENT INCOME and



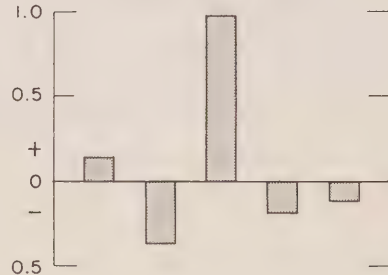
NON-CORPORATE BUSINESS INCOME



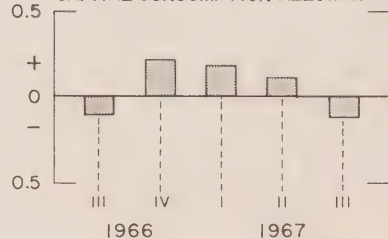
offset a drop in FARM ACCRUED INCOME



NET INDIRECT TAXES and



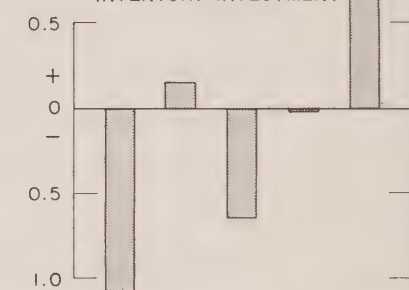
CAPITAL CONSUMPTION ALLOWANCES



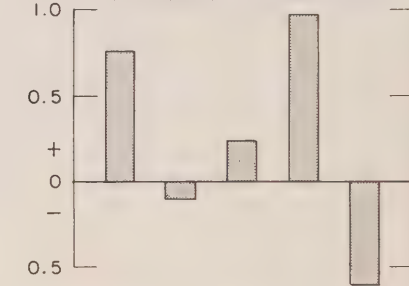
On the EXPENDITURE SIDE of the G.N.P. account Increases in CONSUMER EXPENDITURE and



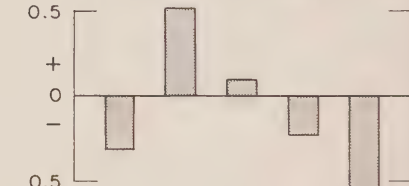
INVENTORY INVESTMENT



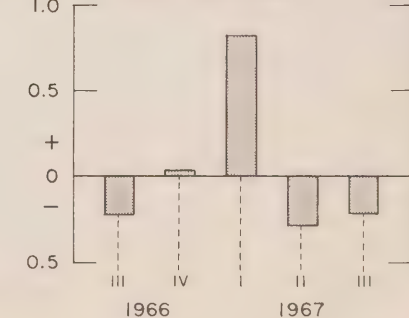
offset a drop in GOVERNMENT EXPENDITURE



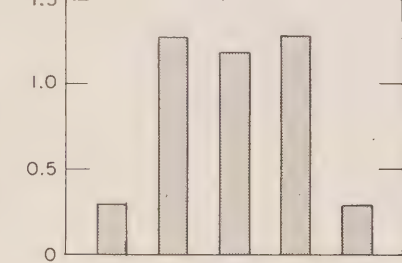
FIXED CAPITAL FORMATION and



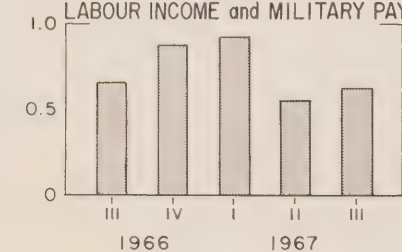
NET EXPORTS (EXPORTS MINUS IMPORTS)



BILLION \$ CHANGE G.N.P. in current dollars rose \$0.3 billion in the third quarter.



On the INCOME SIDE of the G.N.P. account Increases in LABOUR INCOME and MILITARY PAY



ALL DATA SEASONALLY ADJUSTED, AT ANNUAL RATES.

INTRODUCTORY REVIEW, THIRD QUARTER 1967

Gross National Product in the third quarter rose to a level of \$61.9 billion, seasonally adjusted at annual rates, increasing by one-half of one per cent from the previous quarter; with prices rising by somewhat less than 1 per cent, this represented a slight decrease in real terms. Excluding accrued net income of farm operators, the advance in Gross National Product in current dollars was nearly 1 per cent.

With the data now available, it is possible to suggest orders of magnitude for the entire year. If, for instance, there were no increase in the fourth quarter after allowance for seasonal variations, the gain from 1966 would be 6.4 per cent. Assuming a 1 per cent rise in the fourth quarter, the advance for the year would be 6.6 per cent.

The weakening forces of expansion, evident in the small volume growth of GNP in the two previous quarters, have given way to a pause in the third quarter. While increases in demand by persons and in residential construction continued strong and the trend of diminishing rates of accumulation in business inventories gave way to a substantially higher rate of accumulation, sizeable declines occurred in investment in plant and equipment, government expenditures on goods and services, and exports. With imports declining less than exports the current account deficit widened.

On the income side there were a second successive 2 per cent increase in labour income, a small gain in net corporate profits and a significant decline in accrued net income of farm operators. More than half of the relatively small increase in labour income came from higher average earnings as employment rose only slightly overall. The employment trend of the preceding two quarters continued, with the bulk of the gain occurring in service industries; employment in goods-producing industries showed little change.

In absolute terms, the largest increase in demand, \$800 million seasonally adjusted at annual rates, came from consumer expenditure. Of this increase only about one third represented a real gain as prices rose 1.4 per cent. Considerably influencing the total movement were those series measuring spending connected with EXPO. Investment in business inventories rose from the previous quarter by \$700 million. About one-third of this increase related to automobiles, possibly in anticipation of strikes against the major U.S. producers and resultant shut-downs in Canada. The expansion in residential construction continued, adding \$216 million to demand. This gain resulted from work on previous starts, as new starts declined from an annual rate of 198,000 in the second quarter to 178,000.

Investment in plant and equipment registered a second successive decline. The 8 per cent reduction, larger than the rate of decrease in the previous quarter, consisted of drops of \$200 million in plant and \$600 million in machinery and equipment; however, in real terms, the decrease in the latter item was less pronounced as the value series declined in part because of the removal of the sales tax on production machinery last quarter. The rate of government expenditure on goods and services showed a decline of \$600 million at annual rates, with about two-thirds occurring at the federal level.

More severe, in terms of its impact on total demand, was a \$920 million reduction in the level of exports; this was concentrated in merchandise, as services actually increased by \$120 million. Although merchandise imports also showed a decline, partly the result of reduced machinery and equipment investment, the merchandise balance shifted from a surplus of \$344 million to a deficit of \$424 million; the overall current account deficit widened by \$220 million, as a \$548 million improvement in non-merchandise transactions was insufficient to offset the swing in the merchandise account.

Price Movements^{1/}

In the third quarter, prices rose by less than 1 per cent, a lower rate of increase than in the last several quarters. The main price rise in the quarter occurred in consumer expenditure, which advanced by 1.4 per cent, slightly higher than in the second quarter; price changes in most of the other categories were lower than in recent quarters with construction showing a significantly lower rate of advance.

^{1/} See footnote 1 on page 6.

Within consumer expenditure durable goods and services showed less increase than for the second quarter. The surge in non-durable prices was largely due to the rise in seasonally adjusted food prices, while in services price rise was more broadly spread.

Food prices which had declined for three quarters turned sharply upwards this quarter, increasing a full 2.5 per cent on a seasonally adjusted basis. This was due mainly to increases in beef, dairy products, fresh fruits and vegetables and was somewhat offset by declining prices for eggs, poultry, and pork. Within the rest of non-durable goods, clothing and footwear advanced by 1.3 and 1.7 per cent while hardware and cosmetics fell. Drug prices fell after the removal of the sales tax in September.

The price index of household appliances, radios and televisions rose by 1.6 per cent and was the strongest factor in the price rise of durables. Car prices rose by half of one per cent on a seasonally adjusted basis.

Most service components showed considerable price increase. Education, miscellaneous services, medical care, and rents all rose by more than one per cent. Purchased transportation rose only moderately while the price of recreation increased by more than 3 per cent.

The price of business gross fixed capital formation declined 0.3 per cent, almost the same as in the previous quarter. This resulted from a decline in the price of machinery and equipment caused by removal of the federal sales tax on June 1st. If the effect of the tax removal were excluded, prices of machinery and equipment would have shown about a 0.4 per cent increase instead of the decline of 1.5 per cent. In construction, the rate of advance in prices has been considerably moderated, largely by lower wage increases.

Within merchandise exports, the category food feed, beverages and tobacco registered a significant decline in price of over 3 per cent, mainly because of a sharp drop in the price of wheat. Most of the other categories increased by about one-half of one per cent, resulting in a slight increase in the overall price for merchandise exports.

Fixed Weight Price Indexes^{1/}
Percentage Change from the Preceding Quarter
(Based on Seasonally Adjusted Data)

	1966			1967		
	II	III	IV	I	II	III
Personal expenditure	1.0	0.6	0.9	0.5	1.3	1.4
Non-durable goods	1.1	0.6	0.4	-0.1	-0.8	1.5
Durable goods	0.8 ^{2/}	-0.3	1.2	0.2	1.0	0.8
Total goods	1.1	0.4	0.6	-0.1	0.9	1.3
of which: food	1.2	0.8	-0.2	-1.2	-0.2	2.5
non-food goods	0.9	0.2	1.1	0.6	1.5	0.6
Services, excluding net expenditure abroad	1.1	1.0	1.2	1.3	2.0	1.5
Government expenditure on goods and services	1.1	1.3	1.9	2.4	2.5	0.8
Business gross fixed capital formation	1.1	0.8	1.5	1.2	-0.2	-0.3
New residential construction	1.1	0.9	2.1	1.0	2.2	0.9
New non-residential construction	1.5	1.0	1.5	1.0	1.4	0.6
New machinery and equipment	0.7	0.5	1.4	1.4	-2.7	-1.5
Exports of goods and services	0.7	1.6	0.5	0.2	0.1	0.1
Gross available supply	1.0	0.9	1.1	0.8	1.0	0.8
Imports of goods and services ^{2/}	0.5	0.4	1.1	-0.4	0.2	0.7
Gross national expenditure	1.2	1.1	1.1	1.1	1.3	0.8
(Implicit price index of gross national expenditure)	1.0	1.2	0.9	1.4	1.1	0.8

^{1/}Beginning with the current quarter the analysis of price movements is based on a new fixed weight price index. It is felt that this improves analysis. Previously the table summarizing percentage price change was based on implicit price indices derived from seasonally adjusted constant dollar aggregates. Implicit prices are affected by changes in current expenditure patterns as well as price, so that often an adjustment for weighting shifts is required in order to obtain a true picture of price change. The new index is weighted with expenditure patterns for the year 1966. For the most part the prices used are the seasonally adjusted prices used to derive seasonally adjusted constant dollars. In addition, the seasonally adjusted price detail used for the government index has been substantially improved.

^{2/}Quarter-to-quarter changes in this component are not necessarily analytically significant.

The Components of Demand

Personal Expenditure on Consumer Goods and Services

Personal expenditure reached a level of \$38.3 billion, seasonally adjusted at annual rates, an increase of some 2 per cent from the second quarter as compared with an increase of $2\frac{1}{2}$ per cent in the previous quarter. This total includes the adjusting item "net expenditure abroad", which is a large negative as a result of the expenditures of non-residents coincident with EXPO 67 and centennial celebrations;^{1/} the impact of this net foreign spending is shown in the following table:

	Millions of dollars, seasonally adjusted at annual rates				
	1Q'67	2Q'67	3Q'67	Change	
				1Q-2Q	2Q-3Q
Non-durables	17,740	18,408	18,820	668	412
Durables	4,168	4,440	4,568	272	128
Services (excluding NEA)	14,512	15,108	15,624	596	516
Total personal expenditure in Canada	36,420	37,956	39,012	1,536	1,056
Net expenditure abroad	68	- 492	-756	-560	-264
Personal expenditure	36,488	37,464	38,256	976	792

Both durable and non-durable goods as well as services shared in the 2 per cent rise in personal expenditure with the largest increase occurring in durables. A substantial portion of the increase in total spending is attributable to expenditures connected with EXPO, although this cannot be fully evaluated in quantitative terms.

The majority of the components of the non-durable category showed increases from the second quarter, but the gains were generally smaller; however, some declines were registered. Expenditure on energy sources (fuel, electricity, gas) decreased by over 8 per cent after a 7 per cent rise last quarter. Household non-durables went from a gain of $3\frac{1}{2}$ per cent to a decline of one-half of one per cent, while tobacco declined fractionally after increasing by $4\frac{1}{2}$ per cent previously. Total clothing expenditure rose by over 1 per cent as against a 6 per cent gain; women's clothing increased by $2\frac{1}{2}$ per cent but men's clothing declined almost $1\frac{1}{2}$ per cent. The food component rose by $2\frac{1}{2}$ per cent, nearly all of which represented price increases. Expenditure on alcoholic beverages, and on gasoline oil and grease each rose by 1 per cent, while the auto parts and accessories series gained $2\frac{1}{2}$ per cent.

The 3 per cent increase in durables was almost entirely concentrated in a 6 per cent gain in expenditures on new cars; the movements in all other components were virtually offsetting. The net value of used car purchases increased some $8\frac{1}{2}$ per cent, with both purchases and trade-ins rising noticeably. Declines were registered in home furnishings ($1\frac{1}{2}$ per cent), furniture (almost 5 per cent), and jewellery ($2\frac{1}{2}$ per cent), while spending on appliances and radios rose by $1\frac{1}{2}$ per cent.

All components contributed to the $3\frac{1}{2}$ per cent rise in services inclusive of non-resident spending. Largest was the 14 per cent increase in recreation expenditure, but noteworthy also was a further $3\frac{1}{2}$ per cent gain in purchased transportation, after increases of $10\frac{1}{2}$ per cent and $9\frac{1}{2}$ per cent in the two preceding quarters. The user-operated transportation series increased by one-half of one per cent,

^{1/} Personal expenditure on consumer goods and services is a measure of all expenditures by Canadian residents, including those temporarily abroad. Since measures of the value of outlays on consumer goods and services in Canada are derived from sales made within the territorial boundaries of Canada, the values must be adjusted to include expenditures abroad by Canadian residents and to exclude outlays in Canada by non-residents. This adjustment is called Net expenditure abroad. Net expenditure abroad is composed of outlays on both commodities and services. As it is impossible to determine these elements in the net figures, the whole adjustment has traditionally been included with services. The item is generally small and does not significantly distort quarter-to-quarter comparisons of either aggregates or individual series. However, with the exceptional influx of tourists occurring in the second and third quarters of 1967 the adjustment to exclude purchases by non-residents has become large, distorting the analytical continuity of the Services series.

personal services by 2 per cent, and medical care and household operations each by $2\frac{1}{2}$ per cent. Miscellaneous services, which includes expenditures on hotel and motel accommodations, rose by 4 per cent. The shelter component, accounting for nearly 40 per cent of the value of services, increased by 2 per cent as compared with a gain of one-half of one per cent in the previous quarter.

With personal disposable income increasing by less than 1 per cent -- the result of a $1\frac{1}{2}$ per cent increase in personal income and a $9\frac{1}{2}$ per cent rise in personal direct taxation -- and a 2 per cent gain in personal expenditure the level of personal savings declined by half a billion dollars.

Business Gross Fixed Capital Formation

Business gross fixed capital formation dropped by almost 5 per cent in the third quarter. The reduction of \$596 million at annual rates occurred in plant and equipment, which fell by \$204 and \$608 million respectively. Partially offsetting the drop was a \$216 million increase in outlays on housing.

Value of residential construction activity rose 9 per cent from the second quarter, to an annual rate of \$2,576 million. Dwelling completions advanced 26,000 units to a seasonally adjusted annual rate of 162,900 units. This followed an increase of 19,300 units between the first and second quarters. However, dwelling starts, which reached a record level of 193,200 units in the second quarter, dropped to a seasonally adjusted annual rate of 178,400 in the summer quarter.

Business outlays on plant and equipment declined by 8 per cent in the third quarter. Spending on non-residential construction was about $4\frac{1}{2}$ per cent lower at an annual rate of \$4,464 million, with a pronounced decline in the building construction component. Spending on machinery and equipment was about $11\frac{1}{2}$ per cent less at an annual rate of \$4,740 million. Over half of the drop is estimated to have occurred in imports of producers' durable goods (other than transportation equipment). As noted in the previous report, the 6 per cent sales tax on production equipment which was in effect in April and May was removed on June 1st, thus accentuating the decline of the value series; the decrease in real terms was somewhat smaller.

Non-Farm Business Inventories

The rate of investment in business inventories quickened in the third quarter of 1967. Seasonally adjusted estimates at annual rates show a stock increase of \$712 million, whereas increases in the first and second quarters had been \$176 million and \$132 million respectively. Although inventory accumulation took place in all major industrial groups, almost half of the overall stock increase was in retail trade.

The following table shows the value of physical change in non-farm business inventories in the first three quarters of 1967 by industry:

Change in Non-Farm Business Inventories
(Seasonally Adjusted at Annual Rates)

	1Q	1967 2Q	3Q
		(millions of dollars)	
Manufacturing	40	216	128
Durables	88	72	- 104
Non-durables	-48	144	232
Wholesale	124	44	88
Retail	108	-216	304
"Other" Industries	-96	88	192
Total	176	132	712

Manufacturing contributed about 20 per cent to the total investment in business inventories in the third quarter. The increase in stocks was the net result of opposite movements as between durables and non-durables, a \$104 million liquidation in the former being more than offset by a substantial accumulation of \$232 million in the latter. The bulk of this accumulation in the non-durable goods industries was due to a surge in the stocks of the paper industries and also to a sizeable increase in the stocks of the food and of the petroleum and coke producing industries. Among durables, there were declines in the stocks of the primary metal, metal fabricating and machinery industries.

The increase in manufacturing stocks occurred at all stages of production but was most marked in goods-in-process. The stock-to-shipments ratio, though below the level of the previous quarter, was higher than that of the average of recent years.

Retail trade was responsible for over 40 per cent of the total stock accumulation. The large increase in retailers' stocks in the third quarter was in marked contrast to the substantial liquidation which occurred in the second quarter. Although increases in the stocks of both durable and non-durable goods were widespread, the accumulation was most pronounced in durable goods, where the bulk of the increase was in motor vehicle stocks, possibly as a protection against a shortage in supply due to anticipated strikes; thus the stocks of automobile dealers that had been dropping in the last four quarters increased markedly.

Wholesalers' stocks rose moderately. Most of the increase was in durable goods lines and was concentrated in industrial, transportation, machinery equipment and supplies, and commercial, institutional and service equipment and supplies trades. Offsetting movements of non-durables exerted a moderating influence on the pace of accumulation of total wholesalers' stocks. The stock-to-sales ratio was below the ratio of the previous quarter.

Exports and Imports of Goods and Services

The deficit in Canada's external account, on a national accounts basis, moved from a seasonally adjusted annual rate of \$824 million in the second quarter to \$1,044 million in the third. The following table shows the change of \$220 million resulted from a turn-around of \$768 million (surplus to deficit) in merchandise trade swamping an improvement of \$548 million in non-merchandise transactions.

Exports and Imports of Goods and Services (Seasonally Adjusted, at Annual Rates)

Year	Quarter	Goods			Services			Current Balance
		Exports	Imports	Net	Exports	Imports	Net	
		(millions of dollars)						
1966	1st	9,968	9,576	392	2,692	3,972	-1,280	-888
	2nd	10,072	9,944	128	2,748	4,052	-1,304	-1,176
	3rd	10,532	10,344	188	2,744	4,332	-1,588	-1,400
	4th	10,732	10,544	188	2,804	4,356	-1,552	-1,364
1967	1st ^{1/}	11,596	10,840	756	2,912	4,204	-1,292	-536
	2nd	11,664	11,320	344	3,400	4,568	-1,168	-824
	3rd	10,620	11,044	-424	3,520	4,140	-620	-1,044
2Q'67 to 3Q'67, %		-9.0	-2.4		3.5	-9.4		

^{1/}First quarter 1967 does not incorporate Balance of Payments revisions in DBS 67-001.

The improvement in non-merchandise trade can be attributed to a large increase in EXPO-oriented tourist and travel receipts along with a sharp drop in some other payments such as official contributions, large payments of which were made in the second quarter.

After allowance for normal quarterly change between the second and third quarter, sales abroad were lower for wheat, fish, lumber, newsprint, wood pulp, aluminum, zinc, iron ore and scrap iron, natural gas, fertilizers and farm machinery. Sales were higher for copper and crude petroleum and

unchanged for non-farm machinery, nickel and asbestos. Data on commodity imports are not available, but there are indications of a drop in machinery and equipment. By area, three quarters of the fall in merchandise exports occurred in markets other than the United States and the United Kingdom, while the decline in imports was confined to the United States.

Government Sector

Seasonally adjusted at annual rates, total expenditures of all governments combined (excluding inter-government transfers) declined by almost $2\frac{1}{2}$ per cent during the quarter. Most of the decline was attributable to lower spending on goods and services; other categories of spending showed only small changes.

The decline in expenditures on goods and services occurred at both the federal and provincial-municipal levels of government. Federal non-defence outlays fell by about \$400 million from the very high second quarter rate and reflected, in part, reduced outlays for international assistance. The drop in provincial-municipal spending was about half of the size of the decline in federal outlays.

Total revenues of all governments combined rose by almost 3 per cent in the quarter. Receipts from personal direct taxes rose sharply from an irregularly low second quarter rate when federal receipts were affected by a shift in the pattern of refunds. Small increases occurred in investment income and employer and employee contributions to social insurance. Offsetting this was a drop in indirect tax revenues at the federal level due to lower returns from customs import duties and excise taxes.

As a result of increasing revenues and declining expenditures, the government sector (including revenues of the Canada and Quebec Pension Plans of about \$900 million in both second and third quarters) moved from a deficit, on a national accounts basis, of \$780 million in the second quarter to a surplus of \$296 million in the third quarter. Most of the improvement came at the federal level and was in large part due to irregular movements in the second quarter.

The Components of Income

Labour Income

In the third quarter of 1967, labour income rose by just under 2 per cent. This roughly equalled the rise in the second quarter of 1967, though it was less than the over $2\frac{3}{4}$ per cent expansion noted throughout 1966 and in the first quarter of 1967. As in the second quarter, the lower rate of increase was mainly due to a levelling off in the incomes in the goods-producing industries while the service industries continued to expand at roughly the rate established in 1966 and the first half of 1967. There was a relatively small increase in employment that was mainly absorbed by the non-commercial segment of the economy: schools, hospitals, other non-profit institutions and governments.

In the goods-producing industries total labour income increased by less than 1 per cent. This was almost entirely accounted for by increased earnings since the employment totals showed little change. There were slight increases in employment in manufacturing and mining but these were more than offset by decreases in construction.

In manufacturing, a combination of increases in average weekly hours worked and in rates of pay resulted in a rise of nearly 2 per cent in average weekly earnings; with only a small increase in employment in the quarter, total payrolls rose by somewhat more than 2 per cent.

Mining had a 1 per cent increase in employment, mainly in fuels and non-metals, with little change in hours but an increase in average weekly earnings. Wages and salaries advanced $2\frac{1}{2}$ per cent, roughly the rate of increase for the past year.

Construction payrolls declined for the second successive quarter. There was a 5 per cent decline in employment in the third quarter, but because of a 1 per cent increase in average weekly hours worked and some increases in hourly wages, the decline in payrolls was less pronounced than the decline in employment.

The service-producing industries absorbed most of the total increase in employment. Total wages and salaries in these industries increased by about 3 per cent, with transportation and other utilities, trade and finance increasing by about 2 per cent and service and governments by about $3\frac{1}{2}$ per cent. Average weekly earnings rose by around 2 per cent over most of the service-producing industries, but employment gains were mainly concentrated in service and government.

Investment Income

During the third quarter of 1967, net corporation profits (before taxes and before dividends paid to non-residents) sustained the rise which commenced in the second quarter and advanced over 2 per cent to a level of \$5 billion. From mid-1961 until the third quarter of 1965 net profits were on the uptrend, but a levelling began in the last quarter of 1965, and profits remained stable through the first half of 1966. Third quarter profits in 1966 dropped 7 per cent, but fourth quarter profits rebounded to previous high levels. A pronounced decline in the first quarter of 1967 has been followed by successive advances in the second and third quarters.

While there was a moderate rise in third quarter net corporation profits, there was an almost equally offsetting decline in corporate capital consumption allowances, with the result that on a gross basis corporation profits contributed very little strength to the movement in Gross National Product.

Expansion in net profit levels was noted in several industries -- the mining industry experienced a rise of 17 per cent, utilities 47 per cent, retail 32 per cent, and finance 12 per cent, with wholesale trade rising a more moderate 2 per cent. Reverses occurred in the service industry, with a 23 per cent drop, and in the transportation storage and communication industry, where a strike was a factor. Profits of the manufacturing group held virtually steady at the aggregate level but divergent results were recorded within the group. Gains of over 15 per cent were scored in the food and beverage, textile, and non-metallic mineral industries. The electrical industry profits rose substantially, reflecting recovery from the strike-affected second quarter. Profits of the petroleum and coal industry were little changed, but declines of over 10 per cent occurred in the paper industry and in both the strike-bound metal and chemical industries.

Rent, interest and miscellaneous investment income rose by $1\frac{1}{2}$ per cent from the level of the second quarter, on a seasonally adjusted basis. Profits of government enterprises were up by 3 per cent.

Non-Farm Unincorporated Business

Net income of non-farm unincorporated business rose to \$3,312 million, 5.6 per cent over the second quarter level of \$3,136 million.

The greater share of the increase was reflected in retail trade, while the construction and service industries maintained, but at a lower rate, the increases recorded in the second quarter.

Accrued Net Income of Farm Operators

Accrued net income of farm operators from farm production dropped to \$1,696 million, 12 per cent below the previous quarter. There were declines in both livestock and grain production with the latter due to much lower Canadian Wheat Board profits, reflecting the sharp decrease in exports during the quarter. Partially offsetting these declines was a substantial increase in federal dairy subsidies.

Production by Industry^{1/}

Seasonally adjusted real domestic product less agriculture increased by 0.9 per cent in the third quarter of 1967. The non-agricultural goods-producing industries rose by 1.2 per cent, while the service-producing industries increased by 0.6 per cent. This latest advance in total non-agricultural output followed a 1.2 per cent increase in the second quarter and a decline of 0.2 per cent in the first quarter.

Within the goods-producing industries, manufacturing, with a 1.0 per cent increase, contributed almost two-fifths of the third quarter increase in total non-agricultural output. The increase in manufacturing came mainly from the manufacture of durables, which increased by 1.9 per cent, while the manufacture of non-durables rose by 0.3 per cent. The most significant change occurred within the transportation equipment group, which rose by 9 per cent, because of the motor vehicles and the motor vehicle parts and accessories components, which recorded advances of 11 and 14 per cent, respectively. Electrical apparatus and supplies also made a significant contribution to the third quarter increase in total non-agricultural output, partly because of recoveries from strike effects and increased production of auto radios.

^{1/}A more extensive text and tables on Real Gross Domestic Product at Factor Cost, containing industrial details can be obtained by referring to the latest monthly issue of Catalogue No.61-005, Index of Industrial Production.

Mining, which rose by 2.2 per cent, contributed nearly one-sixth of the third quarter increase in total non-agricultural output. This rise was largely due to crude petroleum fuel mining, and can be linked to increased oil exports to the U.S.

Electric power and gas utilities advanced by 2.2 per cent, thus contributing more than one-tenth of the third quarter increase in total non-agricultural output. Fishing and trapping rose by 10.9 per cent, because of a 13 per cent increase in fishing from a low second quarter level.

Forestry was the only one of the non-agricultural goods-producing industries to have a dampening effect on the third quarter.

Construction was fractionally higher than its second quarter level. There was a major increase of 10½ per cent in residential construction, which was at a level higher than any quarter since the first quarter of 1964. During the third quarter of this year the construction industry continued to be affected by strikes, mainly in Ontario.

Within the service-producing industries, the community, recreation, business and personal service grouping, for the second successive quarter, recorded the second largest contribution to the quarterly increase in total non-agricultural output. This contribution, of about one-fourth, was the result of a 2.4 per cent expansion in the grouping. Although the community group made a significant contribution, because of continued advances in the education and health components, the major contributions came from personal and business services, both of which reflected the effects of EXPO and centennial celebrations.

Public administration and defence, with an increase of 2.4 per cent, contributed one-eighth of the third quarter increase in total non-agricultural output.

Finance, insurance and real estate rose by 0.9 per cent, which was a contribution of more than one-tenth to the third quarter increase in total non-agricultural output.

The transportation, storage and communication grouping declined by 0.7 per cent. Within this grouping, a decrease of 1.4 per cent in transportation and a drop of 12.9 per cent in storage more than offset an increase of 3.2 per cent in communication. The tendency of EXPO and centennial celebrations to encourage travel was shown in passenger gains recorded for air transportation (5½ per cent), rail (5½ per cent), bus (8 per cent) and urban transit (1 per cent). Urban transit was affected by the Montreal transit strike. A strike in the shipping industry and a decreased demand for exports of grain were major contributors to the estimated decline of 29 per cent in the output of water freight shipping. Related declines occurred in grain elevators (down 17 per cent), stevedoring, railway freight transportation, and truck transportation. Communication rose by 3.2 per cent, because of increases in the postal and telephone services.

Within the trade grouping, retail trade declined by 0.9 per cent, while wholesale trade increased by 0.6 per cent. Within retail trade, most of the components registered decreases. Among the more significant of these were furniture and appliances (5 per cent), fuel dealers (15 per cent), clothing (3 per cent), and farm implement dealers (13 per cent). One of the few store-types to increase from the previous quarter was motor vehicle dealers, which rose by 2 per cent. This increase, which was the result of expanded sales in September, did not quite reach the record level which was achieved in the last quarter of 1965. Most of the components in wholesale trade fell, but two of those that rose were automotive parts and accessories (up 3 per cent), and clothing and furnishings (up 6 per cent). Of the components that fell, the most significant was construction materials and supplies, with a decrease of 4 per cent.

Introductory Review - First Nine Months 1967

For the first nine months of 1967, Gross National Product advanced $6\frac{1}{2}$ per cent over the same period of the previous year, a considerably lower rate of increase than the nearly 11 per cent gain for the full year 1966. Prices rose by $4\frac{1}{2}$ per cent, the same rate of advance as for 1966; consequently the gain in real terms was 2 per cent, reduced sharply from 6 per cent of the previous year.

Among categories of demand, only personal expenditure matched its 1966 rate of increase; all others showed substantially reduced rates of advance. Government expenditure at both the federal and provincial-municipal levels rose at a rate about one-third below that of 1966; the overall increase was $10\frac{1}{2}$ per cent as against $16\frac{1}{2}$. Both exports and imports grew at lesser rates, 13 per cent and 9 per cent respectively, substantially narrowing the current account deficit. Business gross fixed capital formation showed the most pronounced change, advancing only fractionally after a $14\frac{1}{2}$ per cent increase for the year 1966; among its components, residential construction rose at a slightly higher rate, but non-residential construction slumped from an advance of $19\frac{1}{2}$ per cent to a decline of 3 per cent, and machinery and equipment fell by almost as much -- from a 16 per cent increase to one of $1\frac{1}{2}$ per cent.

Labour income increased by 10 per cent as against the exceptionally high advance of $12\frac{1}{2}$ per cent in 1966. Gross corporation profits increased by 1 per cent compared with a 3 per cent rise last year. Rent and interest income and the net income of non-farm unincorporated business rose at higher rates than in 1966.

Significantly affecting several components of both income and demand were EXPO and other centennial events; perhaps the most dramatic influence was in the tourist and travel account, which shifted from a small deficit in the first nine months of 1966 to a surplus of about \$400 million in the comparable period this year.

Price Movements

The price component of gross national product rose $4\frac{1}{2}$ per cent for the first three quarters of 1967 from the like period a year ago; this was approximately the same advance as for the full year of 1966. The price increase was broadly based.

Prices of goods and services purchased by persons were 3.4 per cent higher than in the first three quarters of 1966. Much of this was caused by a sharp increase in the price of services, which rose about twice as fast as the prices of goods. All services showed strong price rises, but the most notable were those of rents, medical care, recreation and purchased transportation. In durable goods, the largest price rise was that of furniture. Other durables showed moderate price increases, with some important items, such as electric appliances and cars, advancing by less than 1 per cent. The 2.2 per cent price rise in non-durables was entirely due to rises in the non-food items.

Prices associated with business gross fixed capital formation rose by 3.4 per cent. Within this category the price increase for machinery and equipment was just over 1 per cent. In residential and non-residential construction prices were up by 5.9 and 4.9 per cent, both labour and material costs being responsible for the increases; labour cost rose by about 10 per cent and material cost advanced between 1 and 4 per cent.

Within exports the price of the merchandise component declined slightly, largely because of a decline in the price of wheat.

Personal Expenditure

The rate of increase for personal expenditure for the first three quarters of 1967 was virtually the same as for the full year 1966 both in current dollars, $8\frac{1}{2}$ per cent, and in real terms, 5 per cent. Of the main categories durables showed the largest change in the rate of increase compared with last year, $5\frac{1}{2}$ per cent as against 4 per cent; a large portion of the increase was due to a $4\frac{1}{2}$ per cent rise in automobile purchases which showed no change in 1966. The 10 per cent rise in non-durables is somewhat overstated because of the treatment of net expenditure abroad, while the 8 per cent increase in services is somewhat understated.^{1/}

^{1/} See note on page 6.

Value, Volume and Price
Per cent change, 9 months 1967 over 9 months 1966

	Value	Volume	Price ^{1/}
Personal expenditure	8.5	5.1	3.4
Non-durable goods	9.8	7.7	2.2
Durable goods	5.7	3.5	2.4
Total goods	9.0	6.7	2.2
Of which: food	6.5	6.4	0.1
non-food goods	10.5	6.9	3.5
Services, excluding N.E.A.	11.7	5.7	5.5
Government expenditure on goods and services	10.3	2.5	7.7
Business gross fixed capital formation	0.2	-3.1	3.4
New residential construction	3.3	-2.8	5.9
New non-residential construction	-2.9	-7.5	4.9
New machinery and equipment	1.6	0.5	1.1
Exports of goods and services	12.9	10.6	2.2
Gross available supply	8.2	4.5	3.9
Imports of goods and services	8.9	7.5	1.5
Gross National Expenditure	6.7	2.1	4.4
Gross National Expenditure Implicit Price			4.5

^{1/} The prices used are averages obtained from a new fixed weight price index and they are not used in the derivation of volume estimates. For further information see footnote ^{1/} on page 6.

The following table shows the pattern of increases in consumer expenditure in the first three quarters of the year 1967 compared with the same period of 1966 in relation to the changes between the full year 1966 from 1965.

	1965 to 1966 Per cent Change	3 Quarters 1966 to 3 Quarters 1967 Per cent Change
Total non-durable goods	+9.6	+9.8
Food	+7.1	+6.5
Tobacco	+6.2	+6.0
Clothing	+5.6	+7.8
Other	+15.7	+16.1
Total durable goods	+4.2	+5.7
Autos, new and used	-	+4.3
Household durables	+9.4	+6.9
Other	+7.2	+8.8
Total all goods	+8.5	+9.0
Total services excluding N.E.A.	+8.9	+11.7
Total services including N.E.A.	+8.9	+7.8
Total consumer expenditure	+8.7	+8.5

Business Gross Fixed Capital Formation

Business spending on fixed capital was practically unchanged from the three quarters of 1966. This was in line with spending plans reported at the end of 1966, but well below the 3 per cent increase for the full year anticipated in the mid-year survey of investment plans. While spending on housing was up by $3\frac{1}{2}$ per cent, and on machinery and equipment by $1\frac{1}{2}$ per cent, non-residential construction was down by about 3 per cent. In contrast to 1966, when housing outlays fell off in the second half of the year while plant and equipment outlays climbed in three quarters -- housing spending increased in both the second and third quarters of 1967, while plant and equipment spending dropped from the first to second, and second to third quarters.

Housing starts have recovered significantly from the 1966 level, totalling 121,271 units in the first nine months of the year, up from 94,968 units in the year before. Two-thirds of this increase was in rental dwellings.

A major program of direct CMHC loans was undertaken in the spring rather than in the fall which has been the timing of such programs for a number of years and there was a very significant injection of private mortgage funds in March. These two developments resulted in extremely high levels of housing starts in the second and third quarters of the year and helped to account for the significant increase in new residential investment in these periods.

Completions in nine months in 1967 were 103,155, down from 123,164 a year earlier. This can be attributed to the low level of units under construction at the beginning of 1967 and low first quarter starts. High second and third quarters for starts raised recent levels of completions.

Non-Farm Business Inventories

In the first nine months of 1967 business inventory investment increased by \$327 million compared with a \$729 million increase in the same period of 1966. All industry groups showed a lower rate of investment in 1967. In contrast to the first nine months of 1966, when there was a balanced accumulation of both durables and non-durables, in 1967 there was more emphasis on non-durables.

Exports and Imports of Goods and Services

During the first nine months of the year the deficit on current account with non-residents, on a national accounts basis, narrowed to \$478 million from \$791 million in the same period of the previous year. The improvement of \$313 million came about almost wholly from a change of \$306 million in the deficit on non-merchandise trade.

The main element in the improvement in non-merchandise trade was the turn-around in the tourist and travel account from a deficit of \$32 million in 1966 to a surplus of \$383 million in the first nine months of 1967. A smaller deficit on freight and shipping transactions also contributed.

Exports and Imports of Goods and Services (Not seasonally adjusted)

		Goods			Services			Current Balance
		Exports	Imports	Net	Exports	Imports	Net	
(millions of dollars)								
3 Quarters	1966	7,520	7,336	184	2,086	3,061	-975	-791
	1967 ^{1/}	8,335	8,114	191	2,509	3,178	-669	-478
Per cent change		10.8	11.0		20.3	3.8		

^{1/} First quarter 1967 does not incorporate Balance of Payments revisions in DBS 67-001.

The overall stability of the merchandise surplus conceals a shift in the balance of trade with various countries. A larger surplus with the United Kingdom and the rest of the Sterling Area and a smaller deficit with the United States offset smaller surpluses with the OECD countries in Europe and with the rest of the world.

Automotive products accounted for over 70 per cent of the increase in merchandise exports and over 60 per cent of the gain in merchandise imports.

The Government Sector

In the first nine months of 1967, total spending of all governments combined (excluding inter-government transfers) increased by \$1,908 million, 14 per cent higher than the same period of 1966.

Outlays on goods and services increased by \$856 million in the first nine months of 1967. Increases occurred at all levels of government and were in general the result of higher wage and salary payments.

Transfer payments to persons also increased by over \$850 million in 1967. Over half of the increase was at the provincial-municipal level and was caused by larger grants to hospitals and educational and other institutions. Higher federal transfer payments reflected increased old age security payments, due to the introduction of the guaranteed minimum monthly income supplement to old age security recipients and to a further lowering of the age requirement for the pensions.

Total revenues of all governments combined increased by \$1,702 million, about 12½ per cent higher in 1967 compared with the same period of 1966. Most of the increase resulted from higher receipts from personal direct and indirect taxes.

Revenue from personal direct taxes rose by \$761 million in the period. The rise was greatest at the federal level and was associated with higher rates, introduced in June 1966, and the doubling of the maximum old age security tax on personal income imposed at the beginning of 1967.

A rise of \$400 million in indirect tax revenue at the provincial-municipal level accounted for most of the gain in this component and reflected higher retail sales tax rates as well as increased property tax rates. At the federal level, the increase was \$127 million. The sales tax rate was raised to 12 per cent from 11 per cent on January 1, 1967, while the tax on production machinery and equipment was lowered and then eliminated.

With expenditure increasing more rapidly than revenue, the government sector moved from a surplus, on a national accounts basis, of \$146 million in the first nine months of 1966 to a deficit of \$60 million in the same period of 1967. At the federal level, a deficit of \$395 million was registered, compared with a surplus of \$7 million in 1966. Offsetting the federal movement to some extent was an increased surplus in the Canada and Quebec Pension Plans of \$174 million and a slight narrowing in the deficit at the provincial-municipal level.

The Components of Income

Labour Income

In the first 9 months of 1967 labour income was 10 per cent higher than in the equivalent period of 1966. There was some employment increase, primarily in the service-producing industries, but the greater part of the rise in labour income was caused by gains in average weekly earnings.

In the goods-producing industries labour income was 6½ per cent higher than in the first three quarters of 1966. With employment unchanged and a decline of about 1½ per cent in average weekly hours worked, the rise in labour income resulted entirely from higher wage and salary rates.

Partly because of EXPO and other centennial celebrations, labour income in the service-producing industries rose by 12½ per cent, nearly twice the rate for the goods-producing industries. This was a reversal from the previous year, when labour income was advancing more rapidly in the latter industries. Within the service-producing industries the greatest payroll increases were noted in transportation and public utilities, and service and government, all of which rose by nearly 14 per cent.

Investment Income

Net corporation profits (before taxes and before dividends paid to non-residents) for the first three quarters of 1967 fell nearly 4 per cent below the level of the corresponding period of 1966, while corporate capital consumption allowances for the same period climbed about 9 per cent. On a gross basis corporation profits rose slightly over 1 per cent.

On an industry basis, for the first three quarters of 1967 as compared to 1966, net profits slipped in the mining industry by 8 per cent, manufacturing, 8 per cent, transportation, storage, and communication, 14 per cent, and wholesale trade, 7 per cent. Profit levels mounted substantially in the utility and service industries, each with rises in excess of 20 per cent, whereas gains in retail and finance were somewhat smaller. Within the manufacturing group, varying results were recorded. Declines of 10 per cent or over occurred in the textiles, wood, paper, electrical, non-metallic mineral, and chemical industries, while a less pronounced edging down was experienced in the food and beverage and metal industries. Advances occurred in the rubber, printing, and petroleum and coal industries.

Rent, interest and miscellaneous investment income for the first three quarters of 1967 increased by $12\frac{3}{4}$ per cent over the corresponding period of 1966. Profits of government enterprises rose by 14 per cent.

Accrued Net Income of Farm Operators

Accrued net income of farm operators declined sharply to \$1,586 million, 19 per cent below the level reached in the same period in 1966.

The change in the value of grain production was almost wholly responsible for the decline, as the value of the 1967 crop is estimated to be \$1,243 million, $20\frac{1}{2}$ per cent below the record level of \$1,564 million reached in 1966.

Livestock production increased only marginally. Cash income from other farm products rose with higher receipts from the sale of dairy products (including dairy subsidies), tobacco and vegetables. Offsetting these increases were higher operating expenses.

Net Income of Non-Farm Unincorporated Business

Over the first nine months of 1967, net income of non-farm unincorporated business was over 8 per cent higher than the corresponding period last year. The major gains were made in net income of the service industries, reflecting in part the effect of EXPO, and retail trade.

Production by Industry

Non-agricultural real domestic product rose by 2.8 per cent in the first nine months of this year over the first nine months of 1966, on a seasonally unadjusted basis. This increase is in sharp contrast to the average rate of growth of 4.8 per cent in the 1946-66 period.

TABLES UNADJUSTED FOR SEASONAL VARIATION

TABLE 1. National Income and Gross National Product, by Quarters, 1966 and 1967
(millions of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income ..	6,840	7,269	7,571	7,644	29,324	7,563	7,991	8,284
2. Military pay and allowances	168	145	147	161	621	183	172	173
3. Corporation profits before taxes	1,124	1,449	1,234	1,380	5,187	997	1,382	1,282
4. Deduct: Dividends paid to non-residents(1)	- 174	- 144	- 152	- 327	- 797	- 151	- 153	- 173
5. Rent, interest, and miscellaneous investment income	921	948	947	1,087	3,903	984	1,078	1,107
6. Accrued net income of farm operators from farm production(2)	100	201	1,662	241	2,204	138	213	1,235
7. Net income of non-farm unincorporated business(3)	622	712	722	893	2,949	629	778	820
8. Inventory valuation adjustment(4)	- 118	- 86	- 65	- 49	- 318	- 77	- 88	- 30
9. NET NATIONAL INCOME AT FACTOR COST	9,483	10,494	12,066	11,030	43,073	10,266	11,373	12,698
10. Indirect taxes less subsidies	1,902	1,962	2,002	1,934	7,800	2,102	2,109	2,091
11. Capital consumption allowances and miscellaneous valuation adjustments	1,554	1,691	1,613	1,733	6,591	1,696	1,839	1,674
12. Residual error of estimate	- 87	9	201	151	274	- 128	- 41	92
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	12,852	14,156	15,882	14,848	57,738	13,936	15,280	16,555
14. (Gross national product at market prices excluding accrued net income of farm operators)	(12,752)	(13,955)	(14,220)	(14,607)	(55,534)	(13,798)	(15,067)	(15,320)

(1) Includes the withholding tax applicable to this item.

(2) Includes change in farm inventories as shown in line 11, Table 4. An adjustment has been made to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board.

(3) Includes net income of independent professional practitioners.

(4) See footnote 4, Table 2.

TABLE 2. Gross National Expenditure, by Quarters, 1966 and 1967
(millions of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	8,059	8,553	8,556	9,672	34,840	8,689	9,381	9,242
2. Government expenditure on goods and services(1, 2)	2,438	2,676	3,177	2,878	11,169	2,798	3,055	3,294
3. Business gross fixed capital formation(3)	2,626	3,218	3,116	3,254	12,214	2,733	3,260	2,984
4. New residential construction	514	564	536	564	2,178	406	598	663
5. New non-residential construction	920	1,187	1,356	1,348	4,811	977	1,145	1,241
6. New machinery and equipment	1,192	1,467	1,224	1,342	5,225	1,350	1,517	1,080
7. Value of physical change in inventories(4)	45	120	1,219	- 389	995	- 88	- 147	970
8. Non-farm business inventories	390	272	67	103	832	243	- 12	96
9. Farm inventories and grain in commercial channels	- 345	- 152	1,152	- 492	163	- 331	- 135	874
10. Exports of goods and services	2,729	3,253	3,624	3,467	13,073	3,151	3,835	3,858
11. Deduct: Imports of goods and services	- 3,133	- 3,655	- 3,609	- 3,883	- 14,280	- 3,475	- 4,145	- 3,702
12. Residual error of estimate	88	- 9	- 201	- 151	- 273	128	41	- 91
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	12,852	14,156	15,882	14,848	57,738	13,936	15,280	16,555

(1) Includes outlays on new durable assets such as building and highway construction by governments, other than government business enterprises. Also includes net purchases of government commodity agencies.

(2) For details of defence expenditure see line 3, Table 6.

(3) Includes capital expenditures by private and government business enterprises, private non-commercial institutions, and outlays on new residential construction by individuals and business investors.

(4) The book value of inventories is deflated to remove the effect of price changes and the derived "physical" change is then valued at average prices of the current period to obtain the value of physical change. The difference between this value of physical change and the change in book value is called the inventory valuation adjustment. (See line 8, Table 1).

TABLE 3. Source of Personal Income, by Quarters, 1966 and 1967
(millions of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income	6,840	7,269	7,571	7,644	29,324	7,563	7,991	8,284
2. Deduct: Employer and employee contributions to social insurance and government pension funds	- 384	- 477	- 487	- 468	- 1,816	- 490	- 535	- 540
3. Military pay and allowances	168	145	147	161	621	183	172	173
4. Net income received by farm operators from farm production(1)	275	112	1,525	136	2,048	389	118	1,185
5. Net income of non-farm unincorporated business	622	712	722	893	2,949	629	778	820
6. Interest, dividends, and net rental income of persons(2)	1,084	1,111	1,129	1,212	4,536	1,159	1,199	1,208
Transfer payments to persons:								
7. From government (excluding interest)	1,276	1,217	1,224	1,289	5,006	1,576	1,537	1,472
8. Charitable contributions by corporations	11	11	11	11	44	11	11	11
9. PERSONAL INCOME	9,892	10,100	11,842	10,878	42,712	11,020	11,271	12,613

(1) This item differs from line 6, Table 1, by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.

(2) Includes all government debt interest paid to persons.

TABLE 4. Disposition of Personal Income, by Quarters, 1966 and 1967
(millions of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Personal direct taxes	1,029	1,106	1,113	1,186	4,434	1,347	1,311	1,351
2. Income taxes	852	968	981	1,053	3,854	1,165	1,167	1,223
3. Succession duties and estate taxes	59	53	63	53	228	54	54	56
4. Miscellaneous	118	85	69	80	352	128	90	72
5. Personal expenditure on consumer goods and services ..	8,059	8,553	8,556	9,672	34,840	8,689	9,381	9,242
6. Non-durable goods	3,751	4,023	4,227	4,912	16,913	4,097	4,421	4,662
7. Durable goods	958	1,062	951	1,198	4,169	924	1,229	990
8. Services(1)	3,350	3,468	3,378	3,562	13,758	3,668	3,731	3,590
9. Personal net saving	804	441	2,173	20	3,438	984	579	2,020
10. Personal saving excluding change in farm inventories	1,098	558	1,073	560	3,289	1,285	710	1,263
11. Value of physical change in farm inventories	- 294	- 117	1,100	- 540	149	- 301	- 131	757
12. PERSONAL INCOME	9,892	10,100	11,842	10,878	42,712	11,020	11,271	12,613
13. (Personal disposable income)(2)	(8,863)	(8,994)	(10,729)	(9,692)	(38,278)	(9,673)	(9,960)	(11,262)

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 5. Government Revenue, by Quarters, 1966 and 1967
(millions of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Direct taxes - Persons	1,029	1,106	1,113	1,186	4,434	1,347	1,311	1,351
2. Federal	661	746	752	796	2,955	860	896	881
3. Provincial and municipal	368	360	361	390	1,479	487	415	470
4. Direct taxes - Corporations	452	607	544	587	2,190	431	586	540
5. Federal(1)	339	455	408	440	1,642	315	428	394
6. (Federal tax collections)(1)	(399)	(528)	(411)	(392)	(1,730)	(400)	(569)	(423)
7. Provincial	113	152	136	147	548	116	158	146
8. (Provincial tax collections)	(143)	(159)	(146)	(124)	(572)	(149)	(161)	(162)
Withholding taxes:								
9. Federal(2)	39	53	34	77	203	42	66	37
10. Indirect taxes	1,985	2,045	2,114	2,133	8,277	2,194	2,221	2,256
11. Federal	806	900	910	961	3,577	879	943	921
12. Provincial and municipal	1,179	1,145	1,204	1,172	4,700	1,315	1,278	1,335
13. Investment income	427	460	436	537	1,860	443	543	561
14. Federal	133	178	151	201	663	118	211	216
15. Provincial and municipal	294	282	285	336	1,197	318	325	335
16. Canada Pension Plan						7	7	10
17. Employer and employee contributions to social insurance and government pension funds	384	477	487	468	1,816	490	535	540
18. Federal	158	167	178	178	681	172	173	184
19. Provincial and municipal	100	103	109	109	421	113	116	124
20. Canada Pension Plan	95	150	147	139	531	152	182	170
21. Quebec Pension Plan	31	57	53	42	183	53	64	62
Transfers from Federal:								
22. Provincial and municipal	391	432	388	448	1,659	441	539	496
23. TOTAL REVENUE	4,707	5,180	5,116	5,436	20,439	5,388	5,801	5,781
24. FEDERAL	2,136	2,499	2,433	2,653	9,721	2,386	2,717	2,633
25. PROVINCIAL AND MUNICIPAL	2,445	2,474	2,483	2,602	10,004	2,790	2,831	2,906
26. CANADA PENSION PLAN	95	150	147	139	531	159	189	180
27. QUEBEC PENSION PLAN	31	57	53	42	183	53	64	62

(1) Excludes refundable tax on corporate cash profits introduced May, 1966. The amounts collected in 1966 were: second quarter, \$19 million and third quarter, \$57 million and fourth quarter, \$56 million. In 1967 the following amounts were collected: first quarter \$64 million, second quarter \$27 million and third quarter \$10 million.

(2) Beginning in 1962, the withholding tax series has been adjusted to conform more closely with the flow of interest and dividends to non-residents.

TABLE 6. Government Expenditure, by Quarters, 1966 and 1967
(millions of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Goods and services	2,438	2,676	3,177	2,878	11,169	2,798	3,055	3,294
2. Federal	952	870	1,047	1,011	3,880	1,052	1,054	1,082
3. (Defence)	(481)	(371)	(406)	(455)	(1,713)	(471)	(426)	(457)
4. Provincial and municipal	1,486	1,806	2,130	1,867	7,289	1,746	2,001	2,212
5. Transfer payments to persons (excluding interest on the public debt)	1,276	1,217	1,224	1,289	5,006	1,576	1,537	1,472
6. Federal	675	623	580	600	2,478	777	778	687
7. Provincial and municipal	601	594	644	689	2,528	799	759	785
8. Interest on the public debt	409	474	433	473	1,789	426	515	471
9. Federal	278	293	293	287	1,151	282	315	320
10. Provincial and municipal	131	181	140	186	638	144	200	151
11. Subsidies	83	83	112	199	477	92	112	165
12. Federal	54	73	68	175	370	58	100	109
13. Provincial	29	10	44	24	107	34	12	56
Capital Assistance:(1)								
14. Federal	8	22	14	15	59	13	16	12
Transfers to other levels of government:								
15. Federal	391	432	388	448	1,659	441	539	496
16. Total expenditure	4,605	4,904	5,348	5,302	20,159	5,346	5,774	5,910
17. Federal	2,358	2,313	2,390	2,536	9,597	2,623	2,802	2,706
18. Provincial and municipal	2,247	2,591	2,958	2,766	10,562	2,723	2,972	3,204
19. Deficit (-) or Surplus	102	276	- 232	134	280	42	27	- 129
20. Federal	- 222	186	43	117	124	- 237	- 85	- 73
21. Provincial and municipal	198	- 117	- 475	- 164	- 558	67	- 141	- 298
22. Canada Pension Plan	95	150	147	139	531	159	189	180
23. Quebec Pension Plan	31	57	53	42	183	53	64	62
24. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	4,707	5,180	5,116	5,436	20,439	5,388	5,801	5,781
25. FEDERAL	2,136	2,499	2,433	2,653	9,721	2,386	2,717	2,633
26. PROVINCIAL AND MUNICIPAL	2,445	2,474	2,483	2,602	10,004	2,790	2,831	2,906
27. CANADA PENSION PLAN	95	150	147	139	531	159	189	180
28. QUEBEC PENSION PLAN	31	57	53	42	183	53	64	62

(1) From 1961 on, this item is treated as government current expenditure; prior to 1961, it was treated as capital transfer.

TABLE 7. Source of National Saving, by Quarters, 1966 and 1967
(millions of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Personal net saving	804	441	2,173	20	3,438	984	579	2,020
2. Business gross saving	1,654	2,287	2,072	2,042	8,055	1,628	2,367	2,066
3. Undistributed corporation profits	267	485	308	189	1,249	170	417	330
4. Capital consumption allowances and miscellaneous valuation adjustments	1,554	1,691	1,613	1,733	6,591	1,696	1,839	1,674
5. Adjustment on grain transactions(1)	- 175	89	137	105	156	- 251	95	50
6. Capital assistance	8	22	14	15	59	13	16	12
7. Inventory valuation adjustment	- 118	- 86	- 65	- 49	- 318	- 77	- 88	- 30
8. Government surplus or deficit (-)	102	276	- 232	134	280	42	27	- 129
9. Residual error of estimate	- 87	9	201	151	274	- 128	- 41	92
10. Totals	2,355	2,927	4,149	2,298	11,729	2,449	2,844	4,019

(1) This item is an adjustment to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board. See also footnote 1, Table 3.

TABLE 8. Disposition of National Saving, by Quarters, 1966 and 1967
(millions of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Business gross fixed capital formation	2,626	3,218	3,116	3,254	12,214	2,733	3,260	2,984
2. New residential construction	514	564	536	564	2,178	406	598	663
3. New non-residential construction	920	1,187	1,356	1,348	4,811	977	1,145	1,241
4. New machinery and equipment	1,192	1,467	1,224	1,342	5,225	1,350	1,517	1,080
5. Value of physical change in inventories	45	120	1,219	- 389	995	- 88	- 147	970
6. Surplus or deficit (-) on current account with non-residents	- 404	- 402	15	- 416	- 1,207	- 324	- 310	156
7. Residual error of estimate	88	- 9	- 201	- 151	- 273	128	41	- 91
8. Totals	2,355	2,927	4,149	2,298	11,729	2,449	2,844	4,019

TABLE 9. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1966 and 1967
(millions of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. GROSS NATIONAL PRODUCT AT MARKET PRICES ..	12,852	14,156	15,882	14,848	57,738	13,936	15,280	16,555
2. Deduct: Residual error of estimate	87	- 9	- 201	- 151	- 274	128	41	- 92
3. Indirect taxes less subsidies ..	- 1,902	- 1,962	- 2,002	- 1,934	- 7,800	- 2,102	- 2,109	- 2,091
4. Income received from non-residents	- 71	- 81	- 55	- 116	- 323	- 62	- 54	- 62
5. Add: Income paid to non-residents ...	247	250	230	408	1,135	237	269	263
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	11,213	12,354	13,854	13,055	50,476	12,137	13,427	14,573

TABLE 10. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1966 and 1967(1)
(millions of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	7,019	7,358	7,282	8,233	29,892	7,346	7,840	7,571
2. Non-durable goods	3,310	3,494	3,616	4,227	14,647	3,554	3,774	3,892
3. Durable goods	972	1,063	957	1,181	4,173	920	1,210	967
4. Services	2,737	2,801	2,709	2,825	11,072	2,872	2,856	2,712
5. Government expenditure on goods and services	1,753	2,004	2,436	2,057	8,250	1,892	2,105	2,348
6. Business gross fixed capital formation ..	2,060	2,498	2,399	2,473	9,430	2,055	2,454	2,234
7. New residential construction	386	418	394	407	1,605	290	417	458
8. New non-residential construction	704	899	1,024	1,001	3,628	711	823	897
9. New machinery and equipment	970	1,181	981	1,065	4,197	1,054	1,214	879
10. Change in inventories	106	66	1,052	- 282	942	- 37	- 206	806
11. Non-farm business inventories	380	272	- 4	129	777	224	1	38
12. Farm inventories and grain in commercial channels	- 274	- 206	1,056	- 411	165	- 261	- 207	768
13. Exports of goods and services	2,415	2,846	3,095	2,989	11,345	2,714	3,281	3,250
(of which merchandise)	(2,025)	(2,346)	(2,379)	(2,494)	(9,244)	(2,321)	(2,683)	(2,405)
14. Deduct: Imports of goods and services ...	- 2,701	- 3,140	- 3,077	- 3,322	- 12,240	- 2,947	- 3,516	- 3,127
(of which merchandise) (2)	(1,971)	(2,350)	(2,197)	(2,443)	(8,961)	(2,205)	(2,656)	(2,311)
15. Residual error of estimate	73	- 8	- 165	- 123	- 223	102	32	- 72
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	10,725	11,624	13,022	12,025	47,396	11,125	11,990	13,010

(1) The implicit price deflators of the seasonally unadjusted components of Gross National Expenditure, derived by dividing the value figures in Table 2 by the constant dollar figures in Table 10, are not suitable as indicators of quarter-to-quarter price change. This is because they are currently weighted and therefore are affected by compositional shifts which occur within the unadjusted components of Gross National Expenditure, on a quarter-to-quarter basis. Quarter-to-quarter comparisons based on seasonally adjusted data are less subject to the problem of shifting weights and may be used as a measure of price change.

(2) The statistical basis for deflating merchandise imports is subject to a significant margin of error.

TABLES ADJUSTED FOR SEASONAL VARIATION AND AT ANNUAL RATES

TABLE 11. National Income and Gross National Product, by Quarters, 1966 and 1967 Seasonally Adjusted at Annual Rates (millions of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income	28,332	28,960	29,592	30,412	29,324	31,244	31,860	32,464
2. Military pay and allowances	684	568	588	644	621	748	676	692
3. Corporation profits before taxes	5,292	5,272	4,896	5,288	5,187	4,656	4,912	5,024
4. Deduct: Dividends paid to non-residents(1)	- 728	- 768	- 776	- 916	- 797	- 640	- 812	- 860
5. Rent, interest, and miscellaneous investment income	3,772	3,932	3,828	4,080	3,903	4,016	4,424	4,488
6. Accrued net income of farm operators from farm production(2)	2,184	2,244	2,252	2,136	2,204	1,948	1,928	1,696
7. Net income of non-farm unincorporated business(3)	2,936	2,852	3,000	3,008	2,949	2,960	3,136	3,312
8. Inventory valuation adjustment	- 488	- 232	- 340	- 212	- 318	- 308	- 268	- 216
9. NET NATIONAL INCOME AT FACTOR COST	41,984	42,828	43,040	44,440	43,073	44,624	45,856	46,600
10. Indirect taxes less subsidies	7,772	7,844	7,976	7,608	7,800	8,584	8,400	8,280
11. Capital consumption allowances and miscellaneous valuation adjustments	6,428	6,644	6,536	6,756	6,591	6,936	7,048	6,924
12. Residual error of estimate	240	240	296	320	274	164	288	68
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	56,424	57,556	57,848	59,124	57,738	60,308	61,592	61,872
14. (Gross national product at market prices excluding accrued net income of farm operators)	(54,240)	(55,312)	(55,596)	(56,988)	(55,534)	(58,360)	(59,664)	(60,176)

(1) See footnote 1, Table 1.

(2) Includes an arbitrary smoothing of crop production and standard seasonal adjustments for withdrawals of grain from farm stocks and the change in livestock items. Because of the arbitrary elements, too precise an interpretation should not be given the seasonally adjusted figures of accrued net income of farm operators.

(3) Includes net income of independent professional practitioners.

TABLE 12. Gross National Expenditure, by Quarters, 1966 and 1967 Seasonally Adjusted at Annual Rates (million of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	33,956	34,112	35,304	35,988	34,840	36,488	37,464	38,256
2. Government expenditure on goods and services(1, 2)	10,592	10,872	11,648	11,564	11,169	11,816	12,788	12,180
3. Business gross fixed capital formation(3)	12,016	12,324	12,000	12,516	12,214	12,612	12,376	11,780
4. New residential construction	2,220	2,336	2,096	2,060	2,178	1,928	2,360	2,576
5. New non-residential construction	4,788	4,832	4,628	4,996	4,811	5,008	4,668	4,464
6. New machinery and equipment	5,008	5,156	5,276	5,460	5,225	5,676	5,348	4,740
7. Value of physical change in inventories	988	1,668	588	736	995	92	72	768
8. Non-farm business inventories	792	1,392	564	580	832	176	132	712
9. Farm inventories and grain in commercial channels(4)	196	276	24	156	163	- 84	- 60	56
10. Exports of goods and services	12,660	12,820	13,276	13,536	13,073	14,508	15,064	14,140
11. Deduct: Imports of goods and services	- 13,548	- 13,996	- 14,676	- 14,900	- 14,280	- 15,044	- 15,888	- 15,184
12. Residual error of estimate	- 240	- 244	- 292	- 316	- 273	- 164	- 284	- 68
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	56,424	57,556	57,848	59,124	57,738	60,308	61,592	61,872
Detail of Farm Inventories and GICC:								
Value of grain crop production	1,564	1,564	1,564	1,564	1,564	1,240	1,244	1,244
Depletions of farm stocks of grain	- 1,224	- 1,372	- 1,612	- 1,404	- 1,403	- 1,324	- 1,484	- 1,468
Change in livestock inventories	- 100	36	48	- 32	- 12	- 36	48	- 44
Grain in commercial channels	- 44	48	24	28	14	36	132	324

(1) See footnote 1, Table 2.

(2) For details of defence expenditures, see line 3, Table 16.

(3) See footnote 3, Table 2.

(4) In the seasonally adjusted series, the value of grain production in each quarter is taken as one-fourth of the estimated value of crop production for the year as a whole (see footnote 2, Table 11). All other items in the farm inventories series are seasonally adjusted by standard techniques.

TABLE 13. Source of Personal Income, by Quarters, 1966 and 1967 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income	28,332	28,960	29,592	30,412	29,324	31,244	31,860	32,464
2. Deduct: Employer and employee contributions to social insurance and government pension funds	- 1,504	- 1,852	- 1,928	- 1,980	- 1,816	- 1,988	- 2,060	- 2,120
3. Military pay and allowances	684	568	588	644	621	748	676	692
4. Net income received by farm operators from farm production(1)	2,044	2,080	2,056	2,012	2,048	2,056	1,780	1,756
5. Net income of non-farm unincorporated business	2,936	2,852	3,000	3,008	2,949	2,960	3,136	3,312
6. Interest, dividends, and net rental income of persons(2)	4,396	4,444	4,596	4,708	4,536	4,700	4,824	4,908
Transfer payments to persons:								
7. From government (excluding interest)	4,692	4,904	5,084	5,344	5,006	5,844	6,136	6,096
8. Charitable contributions by corporations	44	44	44	44	44	44	44	44
9. PERSONAL INCOME	41,624	42,000	43,032	44,192	42,712	45,608	46,396	47,152

(1) This item differs from line 6, Table 11, by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.

(2) Includes all government debt interest paid to persons.

TABLE 14. Disposition of Personal Income, by Quarters, 1966 and 1967 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Personal direct taxes	4,216	4,156	4,564	4,800	4,434	5,560	5,028	5,504
2. Income taxes	3,652	3,580	3,972	4,212	3,854	4,972	4,428	4,912
3. Succession duties and estate taxes	236	212	252	212	228	216	216	224
4. Miscellaneous	328	364	340	376	352	372	384	368
5. Personal expenditure on consumer goods and services	33,956	34,112	35,304	35,988	34,840	36,488	37,464	38,256
6. Non-durable goods	16,300	16,728	17,104	17,520	16,913	17,740	18,408	18,820
7. Durable goods	4,272	3,828	4,308	4,268	4,169	4,168	4,440	4,568
8. Services(1)	13,384	13,556	13,892	14,200	13,758	14,580	14,616	14,868
9. Personal net saving	3,452	3,732	3,164	3,404	3,438	3,560	3,904	3,392
10. PERSONAL INCOME	41,624	42,000	43,032	44,192	42,712	45,608	46,396	47,152
11. (Personal disposable income)(2)	(37,408)	(37,844)	(38,468)	(39,392)	(38,278)	(40,048)	(41,368)	(41,648)

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 15. Government Revenue, by Quarters, 1966 and 1967 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Direct taxes - Persons	4,216	4,156	4,564	4,800	4,434	5,560	5,028	5,504
2. Federal	2,832	2,744	3,048	3,196	2,955	3,692	3,296	3,592
3. Provincial and municipal	1,384	1,412	1,516	1,604	1,479	1,868	1,732	1,912
4. Direct taxes - Corporations	2,128	2,248	2,188	2,196	2,190	2,052	2,164	2,164
5. Federal(1)	1,596	1,688	1,636	1,648	1,642	1,500	1,584	1,576
6. (Federal tax collections)(1)	(1,724)	(1,724)	(1,740)	(1,732)	(1,730)	(1,740)	(1,856)	(1,800)
7. Provincial	532	560	552	548	548	552	580	588
8. (Provincial tax collections)	(548)	(636)	(540)	(564)	(572)	(572)	(636)	(600)
Withholding taxes:								
9. Federal(2)	176	204	200	232	203	196	240	224
10. Indirect taxes	8,148	8,208	8,344	8,408	8,277	8,972	8,908	8,864
11. Federal	3,524	3,556	3,596	3,632	3,577	3,832	3,720	3,636
12. Provincial and municipal(3)	4,624	4,652	4,748	4,776	4,700	5,140	5,188	5,228
13. Investment income	1,796	1,912	1,804	1,928	1,860	1,872	2,220	2,316
14. Federal	612	716	608	716	663	572	812	868
15. Provincial and municipal	1,184	1,196	1,196	1,212	1,197	1,272	1,380	1,408
16. Canada Pension Plan						28	28	40
17. Employer and employee contributions to social insurance and government pension funds	1,504	1,852	1,928	1,980	1,816	1,988	2,060	2,120
18. Federal	624	696	700	704	681	680	716	724
19. Provincial and municipal	400	412	436	436	421	452	464	496
20. Canada Pension Plan(4)	360	552	584	628	531	640	660	668
21. Quebec Pension Plan(4)	120	192	208	212	183	216	220	232
Transfers from Federal:								
22. Provincial and municipal	1,508	1,684	1,636	1,808	1,659	1,720	2,124	2,088
23. TOTAL REVENUE	19,476	20,264	20,664	21,352	20,439	22,360	22,744	23,280
24. FEDERAL	9,364	9,604	9,788	10,128	9,721	10,472	10,368	10,620
26. PROVINCIAL AND MUNICIPAL	9,632	9,916	10,084	10,384	10,004	11,004	11,468	11,720
26. CANADA PENSION PLAN	360	552	584	628	531	668	688	708
27. QUEBEC PENSION PLAN	120	192	208	212	183	216	220	232

(1) "See footnote 1, Table 5."

(2) "See footnote 2, Table 5."

(3) The quarterly figures of real property taxes unadjusted and seasonally adjusted are obtained by dividing annual totals by four since real property taxes accrue uniformly throughout the taxation year. Because in recent years, changes in real property tax rates have been generally upward this treatment gives rise to fictitious seasonal between the fourth and first quarters in the seasonally adjusted indirect taxes series.

(4) Estimates of a normal quarterly pattern have been used to seasonally adjust the contributions to the Canada and Quebec Pension Plans. No precise interpretation can be placed on the quarterly movements of these series until a later date.

TABLE 16. Government Expenditure, by Quarters, 1966 and 1967 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Goods and services	10,592	10,872	11,648	11,564	11,169	11,816	12,788	12,180
2. Federal	3,652	3,676	3,992	4,200	3,880	4,056	4,520	4,132
3. (Defence)	(1,664)	(1,612)	(1,720)	(1,856)	(1,713)	(1,660)	(1,852)	(1,904)
4. Provincial and municipal	6,940	7,196	7,656	7,364	7,289	7,760	8,268	8,048
5. Transfer payments to persons (excluding interest on the public debt)	4,692	4,904	5,084	5,344	5,006	5,844	6,136	6,096
6. Federal	2,392	2,452	2,520	2,548	2,478	2,784	3,048	2,992
7. Provincial and municipal	2,300	2,452	2,564	2,796	2,528	3,060	3,088	3,104
8. Interest on the public debt	1,732	1,764	1,832	1,828	1,789	1,816	1,904	1,988
9. Federal	1,124	1,128	1,168	1,184	1,151	1,140	1,212	1,280
10. Provincial and municipal	608	636	664	644	638	676	692	708
11. Subsidies	376	364	368	800	477	388	508	584
12. Federal	240	296	252	692	370	276	396	428
13. Provincial	136	68	116	108	107	112	112	156
Capital Assistance:(1)								
14. Federal	32	88	56	60	59	52	64	48
Transfers to other levels of government:								
15. Federal	1,508	1,684	1,636	1,808	1,659	1,720	2,124	2,088
16. Total expenditure	18,932	19,676	20,624	21,404	20,159	21,636	23,524	22,984
17. Federal	8,948	9,324	9,624	10,492	9,597	10,028	11,364	10,968
18. Provincial and municipal	9,984	10,352	11,000	10,912	10,562	11,608	12,160	12,016
19. Deficit (-) or surplus	544	588	40	- 52	280	724	- 780	296
20. Federal	416	280	164	- 364	124	444	- 996	- 348
21. Provincial and municipal	- 352	- 436	- 916	- 528	- 558	- 604	- 692	- 296
22. Canada Pension Plan	360	552	584	628	531	668	688	708
23. Quebec Pension Plan	120	192	208	212	183	216	220	232
24. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	19,476	20,264	20,664	21,352	20,439	22,360	22,744	23,280
25. FEDERAL	9,364	9,604	9,788	10,128	9,721	10,472	10,368	10,620
26. PROVINCIAL AND MUNICIPAL	9,632	9,916	10,084	10,384	10,004	11,004	11,468	11,720
27. CANADA PENSION PLAN	360	552	584	628	531	668	688	708
28. QUEBEC PENSION PLAN	120	192	208	212	183	216	220	232

(1) See footnote 1, Table 6.

TABLE 17. Source of National Saving, by Quarters, 1966 and 1967 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Personal net saving	3,452	3,732	3,164	3,404	3,438	3,560	3,904	3,392
2. Business gross saving	8,128	8,244	7,736	8,112	8,055	7,864	8,196	7,896
3. Undistributed corporation profits	1,528	1,348	948	1,172	1,249	984	936	984
4. Capital consumption allowances and miscellaneous valuation adjustments	6,428	6,644	6,536	6,756	6,591	6,936	7,048	6,924
5. Adjustment on grain transactions(1)	140	164	196	124	156	- 108	148	- 60
6. Capital assistance	32	88	56	60	59	52	64	48
7. Inventory valuation adjustment	- 488	- 232	- 340	- 212	- 318	- 308	- 268	- 216
8. Government surplus or deficit (-)	544	588	40	- 52	280	724	- 780	296
9. Residual error of estimate	240	240	296	320	274	164	288	68
10. Totals	11,876	12,572	10,896	11,572	11,729	12,004	11,340	11,436

(1) This item is an adjustment to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board. See also footnote 1, Table 13.

TABLE 18. Disposition of National Saving, by Quarters, 1966 and 1967 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Business gross fixed capital formation	12,016	12,324	12,000	12,516	12,214	12,612	12,376	11,780
2. New residential construction	2,220	2,336	2,096	2,060	2,178	1,928	2,360	2,576
3. New non-residential construction	4,788	4,832	4,628	4,996	4,811	5,008	4,668	4,464
4. New machinery and equipment	5,008	5,156	5,276	5,460	5,225	5,676	5,348	4,740
5. Value of physical change in inventories	988	1,668	588	736	995	92	72	768
6. Surplus or deficit (-) on current account with non-residents	- 888	- 1,176	- 1,400	- 1,364	- 1,207	- 536	- 824	- 1,044
7. Residual error of estimate	- 240	- 244	- 292	- 316	- 273	- 164	- 284	- 68
8. Totals	11,876	12,572	10,896	11,572	11,729	12,004	11,340	11,436

TABLE 19. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1966 and 1967
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. GROSS NATIONAL PRODUCT AT MARKET PRICES ..	56,424	57,556	57,848	59,124	57,738	60,308	61,592	61,872
2. Deduct: Residual error of estimate	- 240	- 240	- 296	- 320	- 274	- 164	- 288	- 68
3. Indirect taxes less subsidies ..	- 7,772	- 7,844	- 7,976	- 7,608	- 7,800	- 8,584	- 8,400	- 8,280
4. Income received from non-residents	- 340	- 340	- 280	- 332	- 323	- 292	- 228	- 312
5. Add: Income paid to non-residents ...	1,052	1,108	1,136	1,244	1,135	1,028	1,184	1,276
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	49,124	50,240	50,432	52,108	50,476	52,296	53,860	54,488

TABLE 20. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1966 and 1967(1)
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1966					1967		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	29,484	29,292	30,240	30,552	29,892	30,808	31,260	31,500
2. Non-durable goods	14,256	14,508	14,772	15,052	14,647	15,268	15,712	15,840
3. Durable goods	4,308	3,820	4,332	4,232	4,173	4,124	4,356	4,456
4. Services	10,920	10,964	11,136	11,268	11,072	11,416	11,192	11,204
5. Government expenditure on goods and services	7,924	8,148	8,600	8,328	8,250	8,264	8,844	8,320
6. Business gross fixed capital formation ..	9,416	9,560	9,248	9,496	9,430	9,472	9,304	8,848
7. New residential construction	1,664	1,736	1,540	1,480	1,605	1,376	1,648	1,784
8. New non-residential construction	3,684	3,664	3,472	3,692	3,628	3,668	3,372	3,208
9. New machinery and equipment	4,068	4,160	4,236	4,324	4,197	4,428	4,284	3,856
10. Change in inventories	1,004	1,564	528	672	942	28	28	620
11. Non-farm business inventories	788	1,280	496	544	777	160	116	600
12. Farm inventories and grain in commercial channels	216	284	32	128	165	- 132	- 88	20
13. Exports of goods and services	11,152	11,212	11,380	11,636	11,345	12,464	12,876	12,004
(of which merchandise)	(9,048)	(9,088)	(9,300)	(9,540)	(9,244)	(10,308)	(10,376)	(9,432)
14. Deduct: Imports of goods and services ...	- 11,708	- 12,044	- 12,568	- 12,640	- 12,240	- 12,804	- 13,500	- 12,856
(of which merchandise) (2)	(8,556)	(8,848)	(9,188)	(9,252)	(8,961)	(9,576)	(10,016)	(9,688)
15. Residual error of estimate	- 200	- 200	- 236	- 256	- 223	- 132	- 224	- 52
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	47,072	47,532	47,192	47,788	47,396	48,100	48,588	48,384

(1) See footnote 1, Table 10.

(2) See footnote 2, Table 10.

CATALOGUE No.

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NATIONAL ACCOUNTS
INCOME AND EXPENDITURE

FOURTH QUARTER
AND PRELIMINARY ANNUAL

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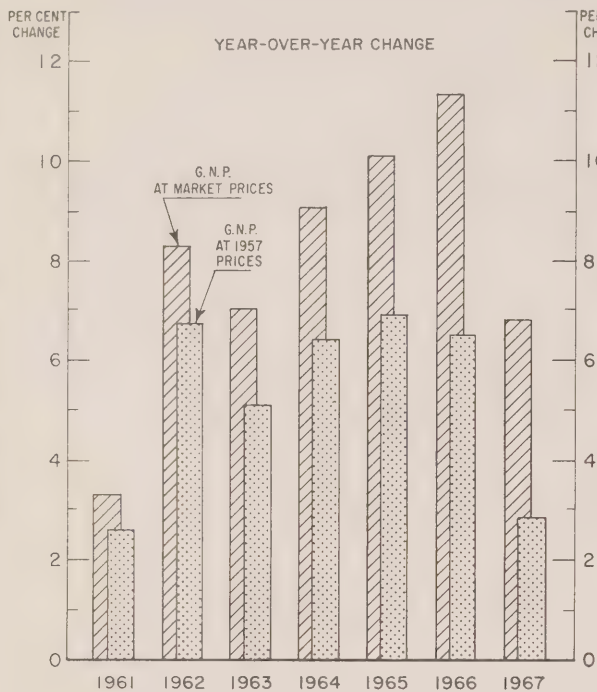
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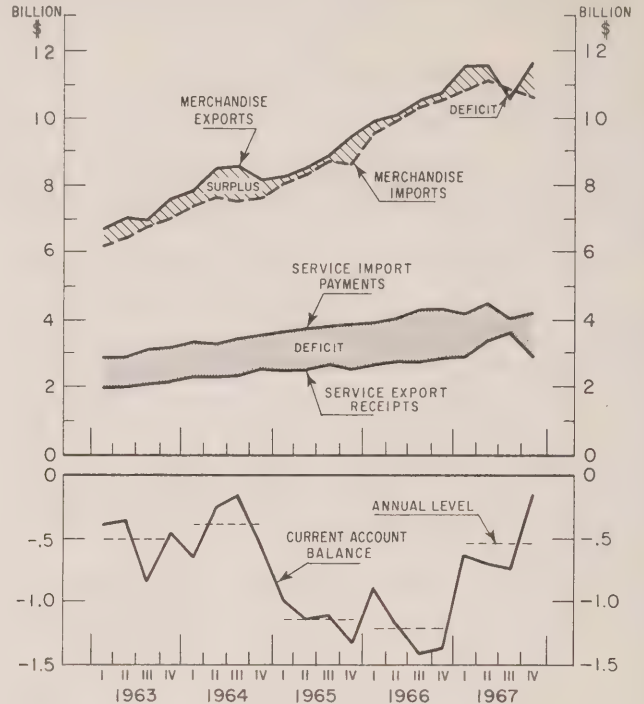
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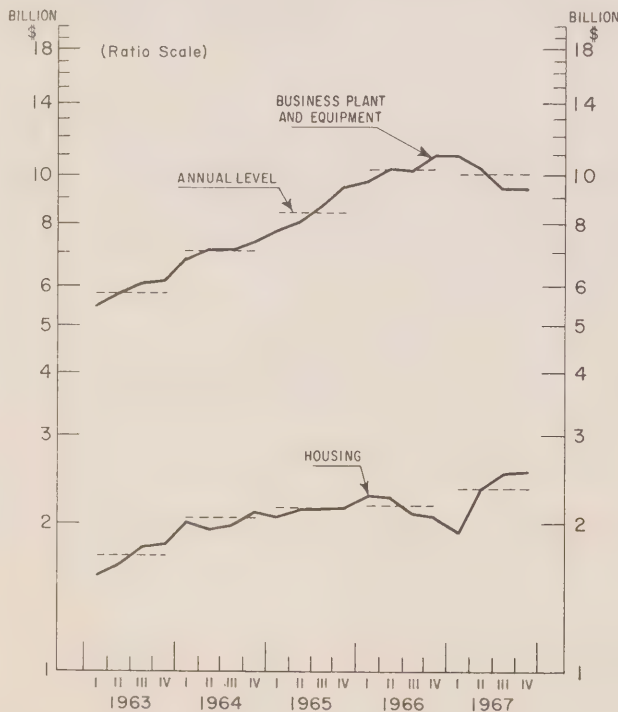
IN 1967 G.N.P. INCREASED BY 6.8 PER CENT.
A RISE OF 3.9 PER CENT IN PRICE REDUCED
THIS GAIN TO 2.8 PER CENT IN REAL TERMS



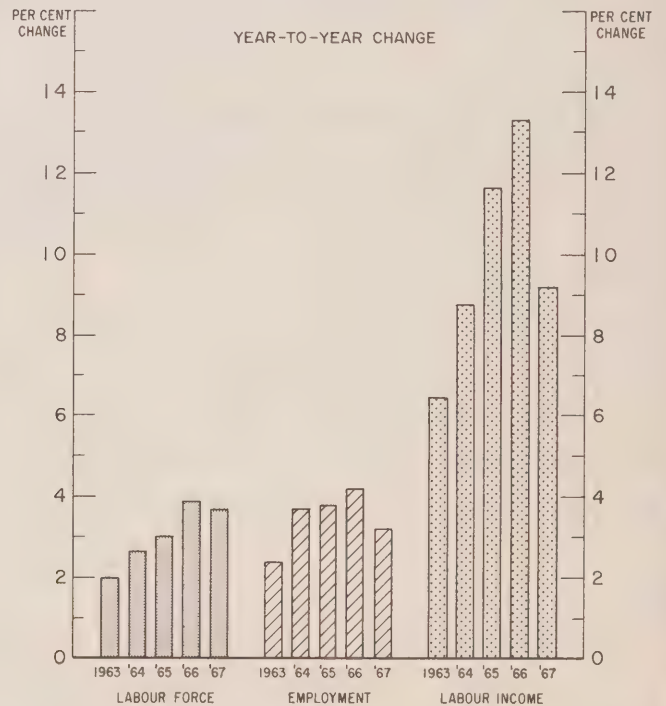
THE CURRENT ACCOUNT DEFICIT DROPPED AS A
HIGHER SURPLUS ON THE MERCHANDISE BALANCE
REINFORCED THE EXPO EFFECT OF A LOWER
DEFICIT IN THE NON-MERCHANDISE BALANCE



BUSINESS SPENDING ON PLANT AND EQUIPMENT
FELL 2.8 PER CENT IN 1967. HOUSING
OUTLAYS, HOWEVER, CLIMBED 7.6 PER CENT



EXPANSION IN LABOUR FORCE, EMPLOYMENT
AND LABOUR INCOME SLOWED DOWN IN 1967.
THE RATE AND LEVEL OF UNEMPLOYMENT
ROSE AS THE YEAR'S GAIN IN EMPLOYMENT
FELL BELOW THE INCREASE IN LABOUR FORCE



QUARTERLY DATA, SEASONALLY ADJUSTED, AT ANNUAL RATES

ANNUAL REVIEW 1967

(This report incorporates some revisions to data for the years 1964, 1965, 1966 and the first three quarters of 1967, mainly resulting from the availability of new information. The series affected are government revenue and expenditure for the years 1964 on; personal expenditure on consumer goods and services, and wages, salaries, and supplementary labour income starting with 1965 and, business gross fixed capital formation, value of physical change in inventories, corporation profits, and capital consumption allowances and miscellaneous valuation adjustments for the year 1966 and the first three quarters of 1967).

A seventh consecutive year of expansion carried the gross national product to a level of \$62.1 billion in 1967, an increase of 6.8 per cent following the exceptionally large advance of 11.3 per cent of the previous year. Prices continued to rise, but at a somewhat lower rate than in 1966 -- 3.9 per cent compared with 4.5; the gain in real terms was reduced to 2.8 per cent. A dampening influence on GNP was exerted by a western grain crop much smaller than the record crop of 1966 which bolstered that year's rise; excluding the accrued net income of farm operators, the advance in GNP in value terms was 8 per cent in 1967 compared with 10½ per cent in 1966.

For the year as a whole, the general profile of the economy was one of a widespread easing of demand pressures. Every major expenditure category showed a lower rate of increase than in 1966 except business gross fixed capital formation which dropped by 1 per cent; within this category divergent movements occurred, with residential construction expenditures rising much more strongly than in the prior year and outlays on plant and equipment declining by 3½ and 2 per cent respectively.

Within the year, the pace of expansion in GNP was somewhat uneven -- 2 per cent in each of the first two quarters, one-half of one per cent in the third and 1 per cent in the fourth. Personal expenditure rose continuously during the year while the capital formation aggregate declined throughout; other components displayed fluctuations, with considerable volatility occurring in non-farm inventories and in the external sector.

A major source of strength was personal expenditure; buoyed up by outlays related to Expo, it increased by over 8 per cent, not much lower than the 1966 rate of advance. Both non-durables and services continued to show strength, while durables advanced only moderately in spite of a 3 per cent rise in new and used car purchases which showed no change in the prior year. In real terms, the advance in total spending of over 4½ per cent was also close to the gain of last year. However, there was a shift in price movements; food prices were virtually unchanged, while a pronounced degree of price acceleration in durables and services accounted for half the increase in value terms.

Developments in the external sector were among the highlights of the year. The current account deficit on a national accounts basis narrowed substantially to \$549 million from \$1,207 million in 1966, as exports of goods and services increased by 11½ per cent while imports advanced 6 per cent overall but declined in the last two quarters. An increase in merchandise exports of 10½ per cent combined with an 8 per cent advance in imports more than doubled the merchandise surplus to \$480 million. Exports to the United States, where economic activity quickened in the second half of the year after a slowdown in the first half, rose 17 per cent while imports advanced 12½ per cent, substantially reducing the trade deficit; notable also was an increase of 45 per cent in exports to Japan. On non-merchandise transactions, receipts increased by over 17 per cent while payments rose barely 2 per cent; thus the deficit was reduced by \$402 million. Prominent in this development was the Expo-affected tourist and travel account which switched from a deficit of \$63 million to a surplus of \$427 million, only the second surplus since 1950.

Government expenditures on goods and services rose considerably less than in 1966 -- 9½ per cent compared with 17½. All levels of government reflected the reduced rate of advance: at the federal level, the rise was 8½ per cent as against 19 per cent, while the increase at the provincial-municipal level was 10 per cent compared with 16½ per cent. Inclusive of contributions to the Canada and Quebec Pension Plans, the combined government surplus was reduced by more than half, to \$157 million. Excluding the pension plan contributions the provincial-municipal deficit narrowed by \$62 million while the federal government switched from a small surplus to a deficit of \$256 million.

Notable differences from the pattern of the previous year occurred among the components of business gross fixed capital formation. Expenditures on new residential construction advanced 7½ per cent, up sharply from 2 per cent in 1966. Aided by developments in the money market and government action relating to interest rates on NHA-approved loans and to CMHC direct loans to builders in the spring, housing starts jumped sharply in the second quarter and remained near this level in the latter half of the year. For the year, starts increased to 164,000, some 30,000 units

over 1966. This was heavily concentrated in multiple units which rose to 92,000; single family unit starts advanced by 2,000.

In striking contrast, investment in plant and equipment declined by 3 per cent after annual increases of over 20 per cent in the period 1964-1966. A small decline in the first quarter deepened substantially in the next two before moderating in the fourth quarter; in the last three months of 1967, such investment was running 16 per cent below the peak of the fourth quarter of 1966. Movements in the two components diverged somewhat: non-residential construction declined for the first three quarters before recovering in the fourth, while machinery and equipment declined in the last three quarters after a small increase in the first. With the exception of investment in manufacturing, outlays on plant and equipment ran slightly ahead of last year; however, manufacturing investment declined by 14 per cent with drops of 9 and 19½ per cent in non-durables and durables respectively.

An anticipated 1½ per cent rise in business capital formation is revealed in the 1968 investment intentions survey, with the entire increase coming from a 9½ per cent rise in residential construction; outlays on plant and equipment are expected to be virtually unchanged, with a 1 per cent increase in non-residential construction offset by a 1 per cent decline in machinery and equipment.

Investment in non-farm business inventories showed a small increase for the year, but was almost \$600 million below the accumulation of 1966. Over three-quarters of the reduction was at the manufacturing level, where durables shifted from sizeable accumulation to moderate liquidation, but reduced investment also occurred at the retail and wholesale levels. Considerable accumulation in the third quarter followed two quarters of moderate investment; however, this gave way to liquidation in the fourth quarter.

The following table summarizes the pattern of demand and the sources of supply for the last three years. Interesting to note is the relative decline of imports in 1967 as a source of supply for the increase in demand.

Demand and its Sources of Supply
Value of Change from Preceding Year/
(billions of dollars)

	1965	1966	1967
<u>Demand</u>			
Persons	2.4	2.8	2.9
Government	1.0	1.7	1.1
Business investment	2.1	1.8	-0.8
Plant and equipment	1.4	1.8	-0.3
Housing	0.1	-	0.2
Inventory change	0.6	-	-0.7
Non-residents (exports)	0.7	1.8	1.5
Residual error	0.1	-0.3	0.2
Increase in demand	<u>6.2</u>	<u>7.8</u>	<u>4.8</u>
<u>Supply</u>			
National production ^{2/}	4.8	5.9	3.9
Imports	1.4	1.9	0.9
Increase in supply	<u>6.2</u>	<u>7.8</u>	<u>4.8</u>
Percentage of increased demand met by imports	23	24	18

^{1/} Components will not necessarily sum to totals because of rounding.

^{2/} GNP inclusive of the residual error of estimate.

Implicit in the aggregates of the income side are some significant developments relating to output and employment. Excluding agriculture, the gain in output as measured by the indexes of real domestic product was slightly more than 3 per cent; the increase in services was somewhat lower than in the last two years, while the rise in the goods-producing sector was much reduced largely due to an increase of only one-half of 1 per cent in durable manufacturing. As a result, there was a considerable shift in the composition of output, with services accounting for over two-thirds of the increase as compared with two-fifths in the two previous years. The labour force increased almost as rapidly as in 1966, but employment rose by a substantially lesser amount and remained virtually stationary in the latter half of the year. The industrial composite employment index recorded a $1\frac{1}{2}$ per cent advance, while declines occurred in the durable manufacturing and construction indexes. The bulk of the increase in employment occurred in the service sector; with greater job opportunities for women in this area, the rise in female employment was much larger than that for men -- 6 per cent as against 2 per cent -- and for the first time since 1961 women accounted for more than half the total increase. The unemployment rate rose from 3.6 per cent in 1966 to 4.1 per cent, and reached 4.7 per cent during the last quarter before declining somewhat in early 1968.

Labour income increased by over 9 per cent, reduced from the exceptionally large $13\frac{1}{2}$ per cent rise of 1966; almost three quarters of the advance occurred in the service-producing sector, while pay increases in both goods and services were greater than last year. Preliminary indications are that the increase in output per person employed in the commercial non-agricultural industries during 1967 was lower than that of 1966, itself a below-average year. Unit costs continued to rise, and were partly absorbed by profit margins; gross profits advanced 1 per cent compared with 3 per cent in 1966, while net profits declined a further $2\frac{1}{2}$ per cent after a 1 per cent decline previously.

A special feature of 1967 was agriculture. The value of the grain crop was some 22 per cent lower than the value of the record 1966 crop. Reflecting this, accrued net income of farm operators declined 23 per cent after the 34 per cent increase of 1966, though it was some 3 per cent higher than in the less exceptional year of 1965. An unusual development, however, was a break in the downward trend of agricultural employment which increased for the first time since 1954; combined with lower production, this resulted in a very substantial reduction in output per person employed.

Price Movements

Price increases in 1967, though somewhat lower than in the previous year, were still strong and widespread. Overall prices as measured by the implicit price index of Gross National Expenditure rose 3.9 per cent compared with 4.5 per cent in 1966. Quarterly price movements reveal a deceleration in the second part of the year and especially in the last quarter. The year-to-year movements in the implicit price indexes of the major components of Gross National Expenditure are shown in the following table:

Implicit Price Indexes
Percentage Change from the Previous Year

	1962	1963	1964	1965	1966	1967
Personal expenditure	1.3	1.6	1.5	1.9	3.5	3.3
Non-durable goods	1.2	1.7	1.7	1.9	4.1	1.9
Durable goods	-0.2	0.3	-1.0	-0.3	-	2.6
Total goods	0.9	1.4	1.0	1.5	3.2	2.2
of which: food	2.0	2.6	1.6	2.6	6.2	0.1
non-food goods	0.2	0.7	0.9	0.9	1.9	3.3
Services excluding net expenditure abroad	1.7	1.4	2.3	2.9	3.9	5.7
(Personal expenditure excluding food)	(1.0)	(1.1)	(1.6)	(1.7)	(2.8)	(4.2)
Government expenditure	2.7	4.1	3.2	5.0	5.9	6.2
Business gross fixed capital formation.....	2.8	3.1	4.4	4.3	3.8	2.3
Residential construction	2.9	3.4	5.5	5.0	6.0	7.2
Non-residential construction	2.2	3.4	4.4	6.1	5.4	5.0
Machinery and equipment	3.0	2.6	3.8	2.7	2.1	-1.8
Exports	3.1	1.2	2.0	1.4	3.2	1.7
Imports	4.1	2.9	1.2	0.4	2.0	1.2
Gross National Expenditure	1.5	1.8	2.6	3.0	4.5	3.9

The most striking increases occurred in non-food goods, in services, government expenditure and in construction. Within non-food goods there was an increase in the price of durables, reversing the apparent trend of the last few years towards slowly declining prices. Virtually unchanged food prices -- after the strong rises of previous years culminating with a 6.2 per cent increase in 1966 -- exerted a moderating influence on the overall price advance. Another notable factor dampening overall price pressure was the decline in machinery and equipment prices.

In personal expenditures all major non-food categories showed accelerating rates of price increase. These price increases were in part a reflection of increased indirect taxes by all levels of government. The rise in durable goods prices started in the second quarter and was maintained at a somewhat slower rate through the rest of the year. Particularly notable were the more than 5 per cent rise in the prices of furniture and miscellaneous durables and the 1.6 rise in car prices. There was a marked acceleration in the rate of price increase of non-durables other than food; many major items such as clothing, newspapers and magazines, electricity, tobacco, and gasoline, grease and oil showed increases of between 3 and 7 per cent. The implicit index for services rose by 5.7 per cent, the strongest increase in many years. Most prominent were the increases in prices associated with medical care, recreation, education and transportation. Rents also rose strongly, continuing the acceleration noted in 1966. Within food, the rate of price increase of most components was reduced, while some items -- pork, poultry, eggs, and fresh vegetables declined sharply.

More than half of the very strong rises in the implicit price indexes for both residential and non-residential construction was largely attributable to labour cost for the second successive year. Machinery and equipment prices declined for the first time since the current expansion began in 1961; this resulted from the complete removal in June of the federal sales tax on production machinery and equipment.

The increase in export prices was more moderate than in the previous year. Some important components showed price declines, notably wheat, and meat and meat preparations.

The Components of Demand

Personal Expenditure on Consumer Goods and Services

Personal expenditure on goods and services reached a level of \$37.7 billion in 1967, an increase of some 8 per cent compared with 8½ per cent in the preceding year. Expo and other centennial events had a considerable part in this rise, though it should be noted that the large expenditures made by foreign tourists are not included in this aggregate.^{1/}

The large increase in non-durables was broadly based, but especially notable were rises of some 11 per cent in alcoholic beverage purchases, 10 per cent in outlays on energy sources and 9 per cent on drugs and cosmetics. Total food outlays increased at a lower rate than in 1966 -- 6 per cent as against 7--with prices increasing only fractionally after a 6 per cent advance previously. The gain in volume terms, however, was significantly larger.

The slightly higher rate of advance in durables in 1967, 4½ as against 4 per cent, was due to a 3 per cent gain in new and used car purchases which showed no change in 1966. All other components had lower rates of increase than in the previous years, with furniture rising by 4 per cent, home furnishings by 8 per cent, and radios and appliances by 7 per cent. If price increases are allowed for, the real increase in durables outlays in 1967 was half the increase of the previous year.

The 11½ per cent increase in services excluding net expenditure abroad^{1/} was also broadly based, but the most pronounced increases were in the series affected by Expo. Recreation expenditures soared by almost 30 per cent, while outlays on purchased transportation rose by over 19 per cent. Other significant advances were registered in medical outlays and household operations (10½ per cent each) and in the shelter component (9 per cent). Also noticeable were sharp increases in price, which accounted for fully half the overall rise.

Personal Expenditure - Per Cent Changes

	Year 1963 to Year 1964	Year 1964 to Year 1965	Year 1965 to Year 1966	Year 1966 to Year 1967
Total non-durables	6.4	7.3	9.7	9.21/
Purchased food	5.1	5.7	7.3	5.8
Clothing (including footwear)	6.3	6.2	5.8	7.0
Alcoholic beverages	5.5	9.2	7.7	11.3
Tobacco	1.8	8.2	6.2	6.4
Total durables	10.7	11.4	4.2	4.7
New and used cars	11.8	14.2	-	2.9
Furniture.....	6.0	6.2	7.0	4.1
Home furnishings	11.6	8.9	9.4	7.8
Radios and appliances	7.9	8.5	10.9	7.0
Total goods	7.3	8.1	8.5	8.3
Total services (including net expenditure abroad)	9.0	8.0	8.9	8.11/
Shelter	6.3	6.8	8.5	8.8
Total transportation	7.4	7.9	7.9	14.3
Household operations	9.9	9.2	10.7	10.7
Total personal expenditure	7.9	8.1	8.7	8.2

^{1/} Personal expenditure on consumer goods and services is a measure of all expenditures by Canadian residents, including those temporarily abroad. Since measures of the value of outlays on consumer goods and services in Canada are derived from sales made within the territorial boundaries of Canada, the values must be adjusted to include expenditures abroad by Canadian residents and to exclude outlays in Canada by non-residents. This adjustment is called Net expenditure abroad. Net expenditure abroad is composed of outlays on both commodities and services. As it is impossible to determine these elements in the net figures, the whole adjustment has traditionally been included with services. The item is generally small and does not significantly distort period-to-period comparisons of either aggregates or individual series. However, with the exceptional influx of tourists occurring in the second and third quarters of 1967, the adjustment to exclude purchases by non-residents has become large, distorting the analytical continuity of the non-durable and services aggregates and certain of their components.

Business Gross Fixed Capital Formation

Business gross fixed capital formation including housing totalled \$12.4 billion in 1967, a decline of 1 per cent from the revised 1966 level. While outlays for new housing advanced $7\frac{1}{2}$ per cent, business expenditure on plant and equipment fell by 3 per cent consisting of declines of $3\frac{1}{2}$ per cent and 2 per cent respectively in non-residential buildings and structures and in machinery and equipment. These decreases resulted from a considerable falling-off in investment activity by manufacturers of both durables and non-durables and by service establishments. Declines occurred in all four quarters, though outlays on structures recovered somewhat in the last three months of the year.

The diminution of 2 per cent in new machinery and equipment outlays from the final 1966 estimates (revised upward) reflected major cutbacks by manufacturers. The sharp drop of $3\frac{1}{2}$ per cent in non-residential building and engineering construction expenditures in 1967 was associated with decreases for all industries except agriculture and, notably, electric power. However, the service industry expenditure decline was confined to the commercial sector, with university and hospital construction continuing its upward course.

A number of fiscal measures were effected in 1967 to prevent a larger decline in business investment expenditures. The sales tax on production machinery and apparatus was lowered from 11 to 6 percentage points in April and completely removed in June. Other measures included the termination on March 31, 1967 of the refundable tax on business profits and the removal of the previous year's measure regarding capital cost allowances.

The value of new residential construction rose by $7\frac{1}{2}$ per cent between 1966 and 1967 to a level of \$2.3 billion. However, completions actually fell by close to 9 per cent from 162,000 to 149,000 units as a consequence of the low carryover of units under construction (89,000) at the beginning of the year. By the end of 1967, units under construction had risen to 103,000. Starts eased from a peak annual rate of 174,000 in the second quarter to 168,000 in the fourth, still well above the 1966 level of 134,000; the total number of starts for 1967 was 164,000.

The following table shows that, although total mortgage approvals increased from the low 1966 level, the major part of the improvement was the result of increased lending by approved lenders under the National Housing Act and continued provision of funds by CMHC. In particular, as a result of changes in the Bank Act in May of the year, chartered banks figured prominently in the mortgage market for the first time. Conventional mortgage lending, although up for the year, remained substantially below the 1965 level despite rises in interest rates during the year.

Mortgage Loan Approvals Gross Basis
(Dwelling Units)

	1965	1966	1967
NHA - approved lenders	25,516	14,567	27,154
Central Mortgage and Housing Corporation	33,942	37,560	42,689
Sub-total	59,458	52,127	69,843
Conventional lenders	90,221	54,489	68,586
Total	149,679	106,616	138,429

Investment in Non-Farm Business Inventories

Investment in non-farm business inventories showed an accumulation of \$189 million in 1967, a sharp drop from the \$777 million accumulation of the previous year. In the first half of the year there was a moderate accumulation, while a notable build-up followed by a sharp liquidation occurred in the latter half.

Manufacturing contributed about 20 per cent to the total accumulation in 1967. This was entirely concentrated in the investment of non-durable goods producing industries, which more than offset a noticeable liquidation in the stocks of durable goods. Mixed movements occurred in the components of both durables and non-durables. The stock-to-shipments ratio for the year as a whole was much above the average ratio of the previous year.

Investment in wholesale trade contributed about 50 per cent to the total accumulation of non-farm business inventories in 1967. The accumulation in wholesale took place entirely in the stocks of durable goods. In non-durable goods there was a slight liquidation resulting from mixed movements in the components. The stock-to-sales ratio for the year was higher than in 1966.

About 20 per cent of the total increase in the investment of business inventories occurred in retail trade. This stock building was mainly concentrated in durable goods with the exception of stocks of motor vehicle dealers which showed a moderate depletion. At the total level in non-durable lines, there was a small build-up, with a noticeable accumulation in the stocks of food dealers offsetting a general liquidation in most other categories. The stock-to-sales ratio for the year was lower than in the previous year.

Value of Physical Change in Non-Farm Business Inventories

	Seasonally Adjusted at Annual Rates, 1967				1966	1967	1967 minus 1966
	1Q	2Q	3Q	4Q			
	(millions of dollars)						
Manufacturing	36	212	114	-248	496	36	-460
Durables	44	72	-140	-176	333	-50	-383
Non-durables	-8	140	284	-72	163	86	-77
Wholesale	132	56	96	40	125	81	-44
Retail	60	-188	260	-	153	33	-120
"Other" industries	-52	128	184	-104	3	39	36
Grand total	176	208	684	-312	777	189	-588

Exports and Imports of Goods and Services

Canada's exports of goods and services rose to \$14.6 billion in 1967, an increase of 11½ per cent over the level of 1966. At the same time, imports of goods and services rose 6 per cent. Thus, the improvement in the deficit on international current account from \$1.2 to \$0.5 billion (on a national accounts basis) was one of the feature developments of the year. Improvement in the deficit was attributable to an increase in the balance on merchandise trade of \$256 million, dramatically reinforced by a contraction of the deficit on non-merchandise trade of \$402 million.

Exports and Imports of Goods and Services
(millions of dollars)

	Goods			Services			Current Balance
	Exports	Imports	Net	Exports	Imports	Net	
1963	7,082	6,579	503	2,029	3,039	-1,010	-507
1964	8,238	7,537	701	2,340	3,433	-1,093	-392
1965	8,745	8,627	118	2,520	3,773	-1,253	-1,135
1966	10,326	10,102	224	2,747	4,178	-1,431	-1,207
1967	11,385	10,905	480	3,223	4,252	-1,029	-549
1966-67 (per cent)	10.3	7.9		17.3	1.8		

Merchandise exports rose in the first half of the year, dropped sharply in the third quarter, and moved to a peak in the fourth quarter. At \$11.4 billion for the year, they were 10½ per cent higher than in 1966. Trade of Canada figures for domestic exports show a gain of \$1,051 million in United States markets. Of this increase, \$963 million was in end products, in particular, cars and trucks, engines and parts, as well as aircraft engines and parts. A sharp drop in sales of wheat to Eastern Europe and Asia, in particular to the Soviet Union and China, was offset by very large increases in exports to Japan, Italy and the Netherlands.

Merchandise imports reached a peak in the second quarter and declined during the second half of 1967. At \$10.9 billion, they were about 8 per cent higher than in 1966. Trade of Canada revised data attribute \$752 million of the \$802 million increase to the United States suppliers. Increased imports of automotive products accounted for more than 70 per cent of the rise. Other important items included aircraft with engines and parts, and crude petroleum.

Turning to consider the service account, receipts rose nearly 17½ per cent, payments by less than 2 per cent. The major factor was the turnaround in the net tourist and travel account from a deficit of \$63 million to a surplus of \$427 million. This was only the second surplus since 1950; in 1963 there was a modest positive balance of \$24 million. The remarkable lift of Expo and other centennial activities along with a small decline in the deficit in freight and shipping transactions offset a drop in gold production available for export, higher official contribution payments, and larger deficits for income, business and other governmental transactions.

Domestic Exports^{1/}
(millions of dollars)^{2/}

	U.S.	U.K.	Other C'wealth and Pref.	E.C.M.	Other	Total
<u>1966</u>						
End products	1,626	56	154	71	213	2,119
Food, feed, beverages, tobacco	429	287	157	172	844	1,888
Crude materials	1,123	232	36	214	343	1,948
Fabricated materials	2,761	548	197	177	329	4,012
Live animals	69	-	-	2	6	78
Special	20	1	3	-	2	25
Total	6,028	1,123	547	637	1,736	10,071
<u>1967</u>						
End products	2,589	58	186	57	216	3,107
Food, feed, beverages, tobacco	430	293	180	178	521	1,602
Crude materials	1,186	246	48	219	410	2,108
Fabricated materials	2,822	571	221	222	395	4,230
Live animals	35	-	1	2	5	42
Special	18	-	2	-	2	22
Total	7,079	1,169	638	677	1,548	11,112

^{1/}Source: Trade of Canada, DBS 65-004.

^{2/}Components will not necessarily sum to totals because of roundings.

Imports^{1/3/}
(millions of dollars)^{2/}

	U.S.	U.K.	Other C'wealth and Pref.	E.C.M.	Other	Total
<u>1966</u>						
End products	4,452	380	41	307	304	5,483
Food, feed, beverages, tobacco	402	44	152	44	149	792
Crude materials	506	32	139	9	337	1,023
Fabricated materials	1,482	175	79	180	317	2,233
Live animals	12	-	-	-	2	13
Special	281	13	5	11	12	322
Total	7,136 (7,204)	645 (672)	416 (432)	551	1,119	9,866 (10,072)
<u>1967</u>						
End products	5,329	414	58	363	391	6,555
Food, feed, beverages, tobacco	429	43	169	49	172	862
Crude materials	512	30	126	8	387	1,063
Fabricated materials	1,495	177	78	197	363	2,310
Live animals	21	-	-	1	-	22
Special	236	9	5	9	11	269
Total.....	8,022 (7,966)	673 (649)	435 (419)	627	1,324	11,081 (10,874)

^{1/}Source: Trade of Canada, DBS 65-007.

^{2/}Components will not necessarily sum to totals because of roundings.

^{3/}Revised figures showing the effect of delays in the receipt of customs documents as outlined in DBS 65-007 (Sept.'67) are shown in parentheses.

The Government Sector

Total revenue of all governments combined (excluding intergovernmental transfers) rose by \$2,265 million to \$21.3 billion, an increase of nearly 12 per cent. Of this, \$167 million were higher revenues of the Canada and Quebec Pension Plans. Total expenditure rose somewhat more, \$2,456 million, or 13 per cent, so that the overall surplus, on a national accounts basis, declined from \$348 to \$157 million.

On the revenue side, direct taxes increased by nearly \$1 billion or 14 per cent. Personal direct tax, almost all income tax, increased by rather more than this, while corporation tax revenue decreased slightly. The proportionately greater income of the provincial governments from these sources was the result of increased abatements to the provinces from the federal government. Part of the increase in personal direct taxes at the federal level can be attributed to the doubling of the maximum old age security tax on personal income imposed at the beginning of the year.

In indirect taxes the rise of \$761 million, or 9 per cent, went mainly to the provincial and municipal governments, with the federal government receiving only one-sixth. At the provincial level, larger sales tax revenue accounted for most of the increase, with higher rates levied in Quebec, New Brunswick and Newfoundland, and the introduction of a sales tax in Manitoba. The only other large gain was in gasoline taxes. The rise in municipal indirect tax revenue resulted from an 11½ per cent increase in property taxes. The smaller rise in federal indirect tax revenue came mainly from an increase of 1 per cent in the sales tax rate, partially offset by the abolition of sales tax on production machinery and equipment and drugs during the year.

In expenditures, total outlays on goods and services rose by over \$1 billion, with each of the three levels of government increasing its spending by about the same amount. At each level of government this was mainly caused by increases in wages and salaries, with capital formation rising more slowly than the previous year. Transfer payments rose by \$1.3 billion, with large increases in Old Age Security Fund payments resulting from the lower age limit and the introduction of the guaranteed minimum monthly income supplement to old age security recipients, and in hospital and education grants. Smaller increases occurred in employment benefits and Workmen's Compensation benefits.

With the inception of the Canada Assistance Plan, and higher transfers under taxation agreements, transfers from the federal government to the provincial and municipal governments rose by \$330 million.

Thus, with federal expenditures increasing by nearly 13 per cent while revenues were rising by $8\frac{1}{2}$ per cent, the federal surplus of \$164 million in 1966 became a deficit of \$256 million in 1967. At the provincial-municipal level the deficit eased from \$535 million in 1966 to \$473 million in 1967.

Components of Income

Labour Income

Labour income was more than 9 per cent higher in 1967 than in 1966. Most of the increases reflected higher average earnings, largely the result of higher rates of pay. The increase in the number of employees was less than in the previous year.

Continuing the trend established in the latter half of 1966, labour income in the service-producing sector advanced more rapidly than in the goods-producing sector. The increase in the service-producing industries of 12 per cent, slightly higher than last year, accounted for almost three-quarters of the increase in total wages and salaries, compared with slightly more than one-half of last year's increase. The largest relative gains in wages and salaries were recorded in public utilities ($15\frac{1}{2}$ per cent), service (13 per cent), and transportation, storage and communication (12 per cent). Increases in average weekly earnings were greater this year than last, offsetting a slightly reduced rate of increase in employment. This trend was common to most components.

Government wages and salaries rose by almost 14 per cent in 1967; provincial government payrolls showed a greater increase than the federal government, 20 per cent compared with $10\frac{1}{2}$ per cent. Municipal government payrolls rose by about 12 per cent over the year.

In the goods-producing sector, wages and salaries increased by approximately 6 per cent as compared to about $13\frac{1}{2}$ per cent in 1966. The primary industries showed an increase of 7 per cent, about the same rate as last year. Within the group, wages and salaries in mining increased faster than in 1966, in spite of lower average hours worked and a lower rate of increase in employment. Declining rates of increase were recorded in the other primary industries. Manufacturing wages and salaries advanced by about 6 per cent, compared with $11\frac{1}{2}$ per cent in 1966. Employment in this industry showed little change for the year, and average hours worked were lower, but the increase in average hourly earnings was somewhat greater than in 1966. Wages and salaries in construction were about 4 per cent higher than last year, as compared with increases of almost 25 per cent in both 1965 and 1966. The slowdown in the rate of increase was the result of declines in employment and in average weekly hours worked, although average hourly earnings increased at a slightly faster rate than in the prior year.

Corporation Profits

Net corporation profits declined a further $2\frac{1}{2}$ per cent in 1967 following a 1 per cent dip in the previous year. However, these annual levels conceal some fluctuations within the period. A rising trend in profits came to a high point in the first quarter of 1966 and was followed for several quarters by movements around a generally declining trend. Profits have moved upward through the last three quarters of 1967, but are still slightly below the first quarter 1966 peak.

Three factors influenced the fluctuations of the last two years. First, the drop in profits in the third quarter of 1966 was reinforced by a number of strikes in the economy. Second, those rail subsidies which are included in corporation profits were particularly high in the fourth quarter of 1966, and had the effect of bolstering the rise in that quarter. Third, fluctuations in the movements of quarterly capital consumption allowances over the past two years influenced movements in net profits.

Net profits in 1967 were lower in the mining industry by 1 per cent, manufacturing 4 per cent, and wholesale trade 5 per cent. A 21 per cent drop in transportation, storage and communication was related to a significant rise in capital consumption allowances, when a tax ruling was introduced in the early part of the year permitting telephone companies to claim higher allowances than previously permissible. Profits of the utility group expanded nearly 25 per cent, while advances of 6, 7 and 15 per cent respectively were experienced in the retail trade, finance, and service industries.

Within the manufacturing industry, profit changes in 1967 were varied with more declines than gains. The textile, wood, paper, electrical, non-metallic mineral, and chemical categories all marked profit declines. The profits of the rubber, petroleum and coal, and printing and publishing groups progressed from their 1966 level, while little change was noted in the food and beverage, and metal industry profits.

Other Investment Income

Rent, interest and miscellaneous investment income rose by nearly 13 per cent in 1967 compared with about 9 per cent in 1966. Government investment income for all levels combined was higher by \$336 million against a rise of \$142 million in 1966. About 40 per cent of the increase in government investment income came from higher trading profits of government enterprises. This was mainly at the provincial level, with the trading profits of liquor commissions accounting for about half the rise.

Accrued Net Income of Farm Operators

Accrued net income of farm operators from farm production fell by 23 per cent from the exceptionally high level of the previous year.

Predominant in the decline in the value of grain production was a much smaller grain crop than the record crop of 1966; moreover, Canadian Wheat Board profits were considerably reduced from the record level of 1966, reflecting much lower exports in the third and fourth quarters.

Slightly offsetting this movement were advances in livestock production and higher income from other farm products -- mainly dairy products, where subsidies were a factor, and tobacco.

Operating expenses again recorded a moderate increase and contributed further to the decline in net income.

Net income of farm operators from farm production, which is reflected in the personal account, declined by nearly 13 per cent in 1967. The smaller decline in this component resulted from the record high final payments made by the Canadian Wheat Board in the first quarter.

Net Income of Non-Farm Unincorporated Business

Net income of non-farm unincorporated business rose to \$3,194 million, slightly more than 8 per cent over the 1966 total.

Most industries registered gains over the levels reached in 1966. The service industries alone accounted for just under half the increase -- a portion of which was due to Expo -- while smaller gains were recorded in retail trade and construction.

Production by Industry^{1/}

Non-agricultural real output rose by 3.1 per cent during 1967, compared to the 6.7 per cent expansion that was recorded for 1966. The rate of growth for 1967 is also considerably less than the average annual rate of growth of 4.8 per cent that took place in the 1946 to 1966 period. Several of the major industry groupings showed increases that were well below their post-war average rates of growth. Manufacturing, for example, increased by only 1.1 per cent in 1967 compared to 4.9 per cent in the same period, while construction fell by several percentage points from its 1966 level. Of the major industry groupings that rose, the transportation, storage and communication grouping registered the most significant increase, rising to 5.8 per cent from 4.8 per cent during 1946 to 1966.

^{1/} For further information see Index of Industrial Production, January 1968, DBS 61-005.

FOURTH QUARTER 1967

Introduction

The Gross National Product increased by 1 per cent in the fourth quarter to reach a level just below \$63 billion. After allowing for price increases, almost half of the advance represented a gain in real terms; this compared with a decline of about one-half of one per cent in the volume of production in the previous quarter. There were divergent movements in components of demand and some levelling on the income side.

Personal expenditure increased by \$640 million. Government expenditure rose by \$400 million to return to the second quarter level; increased outlays by provincial and municipal governments accounted for over three quarters of the advance. New non-residential construction reversed the trend of three previous quarters with an $8\frac{1}{2}$ per cent advance. However, with residential construction little changed from the third quarter level, the $8\frac{1}{2}$ per cent decline in machinery and equipment kept the capital formation component as a whole at approximately the same level as in the third quarter. There was a liquidation in inventories of \$312 million, three quarters of which occurred at the manufacturing level.

Merchandise exports increased by 11 per cent, all of it going to the United States; the gain was largely in crude and fabricated metals, with little change in automobiles and automotive components. Non-merchandise receipts declined some 19 per cent, with all of the \$700 million decline occurring in tourist receipts as Expo came to an end in October. The combination of an overall rise of 3 per cent in exports and a 1 per cent decline in imports resulted in a current account deficit of \$152 million, the lowest deficit since the surpluses of the first three quarters of 1952.

Some slowdown in the rate of increase of labour income was the most notable development on the income side, the 1 per cent rise being the smallest since the first quarter of 1961. A fractional drop in employment occurred in the quarter while unemployment increased from 4.1 to 4.6 per cent.

Price Movements

As measured by the base weighted price index of GNE, prices advanced by 0.7 per cent in the fourth quarter; this compared with a 1.0 per cent increase in the third. Significantly slowing down the aggregate index were lower rates of increase in all major components of personal expenditures except durables. Business gross fixed capital formation, exports and imports all showed stronger movements this quarter than in the last two.

The softening in the rate of increase in consumer prices was most apparent in non-food non-durable goods, which did not increase at all. There was a fall in the price of women's clothing and a further decline in drug prices due to the removal of the federal sales tax on pharmaceuticals last September. Food prices rose by 0.8 per cent, significantly lower than the 2.0 per cent rise registered in the previous quarter. Seasonally adjusted data reveal that last quarter's strong increase was based in dairy products, cereal products, beef, fresh fruits and fresh vegetables. All these items except beef showed lower rates of price increase in the current period. Within services, prices of purchased transportation and recreation fell, while rents showed less of an increase than previously. For the third consecutive quarter, durable goods registered a very strong price increase of about 1 per cent. As in the last two quarters, increases in new car prices accounted for much of the increase but other durables also increased strongly. In contrast to most components, household appliances and radios declined slightly.

Within business gross fixed capital formation, machinery and equipment prices, which had been declining sharply in the second and third quarters largely as a result of the removal in June of the federal sales tax on production machinery, remained stable at these lower levels. Prices associated with construction showed increases, most of which were due to increases in the labour cost components of the indexes.

The most notable price rises in merchandise exports were recorded in crude vegetable materials, lumber, copper, nickel, and zinc.

Base Weighted Price Indexes - Seasonally Adjusted^{1/}
Percentage Changes from Previous Quarters

	1967			
	I	II	III	IV
Personal expenditure	0.4	1.3	1.3	0.7
Non-durable goods	-0.1	0.8	1.2	0.4
Durable goods	-0.2	1.4	1.0	1.1
Total goods	-	0.8	1.2	0.5
of which: food	-0.9	-0.6	2.0	0.8
non-food	0.4	1.6	0.7	0.4
Services, excluding net expenditure abroad	1.3	2.1	1.5	0.8
Government expenditure ^{2/}	2.9	-0.2	1.8	0.6
Business gross fixed capital formation	1.2	-0.8	-0.2	1.0
Residential construction	0.9	2.1	1.0	2.5
Non-residential construction	1.5	1.2	0.7	1.1
Machinery and equipment	1.0	-3.8	-1.6	0.1
Exports	0.4	-	0.1	0.6
Imports ^{2/}	-0.2	0.3	0.3	0.8
Gross National Expenditure	1.3	0.5	1.0	0.7
(excluding inventories)				
G.N.E. (implicit price)	1.3	0.6	1.0	0.5

^{1/} Beginning with the third quarter the analysis of price movements is based on a new base weighted price index. It is felt that this improves analysis. Previously the table summarizing percentage price change was based on implicit price indexes derived from seasonally adjusted constant dollar aggregates. Implicit prices are affected by changes in current expenditure patterns as well as price, so that often an adjustment for weighting shifts is required in order to obtain a true picture of price change. The new index is weighted with expenditure patterns for the year 1966. For the most part the prices used are the seasonally adjusted prices used to derive seasonally adjusted constant dollars. In addition, the seasonally adjusted price detail used for the government index has been substantially improved.

^{2/} Quarter-to-quarter changes in this component are not necessarily analytically significant owing to incomplete price data.

The Components of Demand

Personal expenditure reached a level of \$38.8 billion, seasonally adjusted at annual rates, an increase of about $1\frac{1}{2}$ per cent as compared with a 2 per cent rise in the previous quarter. The total includes the adjusting item "net expenditure abroad", which swung sharply as Expo and other centennial events came to an end¹; the impact of the net non-resident spending is shown in the following table:

Millions of Dollars, Seasonally Adjusted at Annual Rates

	1Q'67	2Q'67	3Q'67	4Q'67	Qr. to Qr. Change		
					1Q-2Q	2Q-3Q	3Q-4Q
Non-durables	17,768	18,388	18,844	18,952	620	456	108
Durables	4,136	4,408	4,544	4,372	272	136	-172
Services (ex NEA)	14,500	15,132	15,672	15,608	632	540	-64
Total personal expenditure in Canada	36,404	37,928	39,060	38,932	1,524	1,132	-128
Net expenditure abroad	40	-540	-868	-100	-580	-328	768
Personal expenditure	36,444	37,388	38,192	38,832	944	804	640

Non-durables and services both contributed to the advance. However, certain of their components are affected by the shift in net expenditure abroad, thereby qualifying their analytical usefulness.

After two quarters of increase, durable goods turned down by some 4 per cent, reflecting a 7 per cent decline in net purchases of new and used cars; excluding this category durables rose fractionally.

Mixed movements occurred among non-durable components. Increases occurred in tobacco ($5\frac{1}{2}$ per cent) and liquor ($1\frac{1}{2}$ per cent) which were affected by new excise taxes introduced in the November budget; expenditures on energy sources (fuel, electricity and gas) rose by 3 per cent and on household non-durables by one-half of one per cent. Outlays on clothing declined by $1\frac{1}{2}$ per cent as a 3 per cent decline in women's and children's clothing outweighed increases of $1\frac{1}{2}$ per cent and one-half per cent in footwear and men's clothing respectively. Declines of about 1 per cent occurred in both gasoline, oil and grease, and in food, with the latter affected in the meals sub-series by the end of Expo.

The fractional decline in services inclusive of net non-resident spending was confined to the Expo-affected series, though the Montreal transit strike also contributed to the $3\frac{1}{2}$ per cent decline in purchased transportation. After the exceptional increases of the previous two quarters, the $17\frac{1}{2}$ per cent decline in recreation was quite natural; also registering decreases were user-operated transportation ($2\frac{3}{4}$ per cent) and miscellaneous services where hotel and motel accommodations are included (1 per cent). Increases of about 2 per cent were noted in medical care, household operations, and shelter.

Business gross fixed capital formation dropped by one-half of one per cent in the fourth quarter, continuing the quarterly declines from the peak fourth quarter 1966 level.

Expansion was recorded in both the construction components, with a sharp step-up of $8\frac{1}{2}$ per cent in non-residential buildings and structures, and a small advance of one-half per cent in residential outlays. However, investment in machinery and equipment dropped by $8\frac{3}{4}$ per cent and more than outweighed the increases in the other components.

¹/See footnote on page 9.

Housing outlays increased only slightly in the last quarter of 1967. While dwelling starts dropped slightly to an adjusted annual rate of 168,000 units, completions moved up from 156,000 to 170,000 units -- a feedback from the high levels of starts in the spring and summer months.

The sizeable decline in demand for machinery and equipment was reflected in lower shipments of producer's durables as well as lower imports of non-farm machinery.

In contrast with the pronounced rate of accumulation in non-farm business inventories evident in the third quarter of 1967, a sharp liquidation took place in the fourth quarter, mainly at the manufacturing level. Seasonally adjusted estimates show a liquidation of \$312 million at annual rates, compared with a build-up of \$684 million in the previous quarter.

The decline in the stocks of manufacturing was the first since 1963. In non-durables, there was a swing from a noticeable accumulation to a significant liquidation, whereas in durables the third quarter liquidation deepened further in the fourth quarter. Though the major part of depletion in the stocks of manufacturers took place among durables, the turnaround was much sharper among non-durables. In durable goods-producing industries, the declines were general with the exception of the transportation goods-producing industries where there was a considerable accumulation. Among non-durables, the movements were mixed. A small amount of accumulation in tobacco, textiles, and paper industries was largely offset by a liquidation in the food, leather, clothing, petroleum and chemicals producing industries. There were declines in the stocks at every stage of processing. With new orders increasing more than shipments, the result was a backlog of unfilled orders. The stock-to-shipments ratio was lower than in the previous quarter.

Investment at the wholesale level showed a moderate accumulation which was entirely concentrated in the hands of durable goods dealers. Though there was a modest accumulation in the stocks of groceries, stocks of non-durable goods dealers declined somewhat. The stock-to-sales ratio was a little higher than in the previous quarter.

At the total retail level, investment in inventories showed no increase at all -- a large and widespread build-up in the stocks of durable goods was offset by an equal liquidation in those of non-durable goods. Among durables, the major strength came from the stocks of motor vehicle dealers. Disinvestment in the stocks of non-durables was general with the exception of stocks of food which showed a fractional increase. The stock-to-sales ratio for the current quarter was higher than that of the previous quarter.

With exports of goods and services rising by 3 per cent and imports declining by about 1 per cent, the deficit on external account narrowed by \$584 million. This net change in the overall balance of trade reflected an improvement of \$1,388 million in merchandise and a deterioration by \$804 million in non-merchandise trade.

Exports of goods rose almost 11 per cent. Lower shipments of wheat and lumber were offset by higher shipments of fish, iron ore, aluminum, copper, nickel, zinc, natural gas, asbestos, newsprint, fertilizers, primary iron and steel, steel bars-rods-plate, non-farm and farm machinery. Part of the 2 per cent drop in imports was due to the current quarter decline in investment outlays, particularly machinery and equipment.

Most of the deterioration in the services account resulted from sharply reduced tourist and travel receipts with the closing of Expo in October.

Exports and Imports of Goods and Services
(Seasonally adjusted, at annual rates, in millions of dollars)

	<u>Goods</u>			<u>Services</u>			<u>Current balance</u>
	<u>Exports</u>	<u>Imports</u>	<u>Net</u>	<u>Exports</u>	<u>Imports</u>	<u>Net</u>	
1966 - 1st quarter	9,968	9,576	392	2,692	3,972	-1,280	-888
2nd quarter	10,072	9,944	128	2,748	4,052	-1,304	-1,176
3rd quarter	10,532	10,344	188	2,744	4,332	-1,588	-1,400
4th quarter	10,732	10,544	188	2,804	4,356	-1,552	-1,364
1967- 1st quarter	11,556	10,896	660	2,912	4,192	-1,280	-620
2nd quarter	11,576	11,176	400	3,428	4,516	-1,088	-688
3rd quarter	10,628	10,892	-264	3,624	4,096	-472	-736
4th quarter	11,780	10,656	1,124	2,928	4,204	-1,276	-152
1967 3rd quarter - 1967 4th quarter (per cent)	10.8	-2.2		-19.2	2.6		

The Government Sector

Seasonally adjusted at annual rates, total expenditures of all governments combined (excluding intergovernmental transfers) rose by \$996 million to a rate of \$22,092 million. Higher outlays on goods and services, particularly at the provincial-municipal level, accounted for almost half the increase. An increase of similar size occurred in transfer payments, again mainly at the provincial-municipal level, partly associated with higher education and adult training grants.

Total revenues rose by \$484 million to a rate of \$22,032 million. Most of the increase resulted from higher returns from personal direct taxes, and was divided fairly evenly between the federal and provincial governments. Indirect taxes rose by \$148 million, partly because of higher sales tax revenue from a higher volume of sales, especially at the provincial level.

With expenditures rising more rapidly than revenues, the government sector as a whole moved from a surplus, on a national accounts basis, of \$452 million in the third quarter to a deficit of \$60 million in the fourth quarter. Most of this change resulted from movements at the provincial-municipal level, where the deficit showed a sharp increase from \$236 million to \$676 million. The federal deficit increased somewhat, from \$208 million to \$296 million, while the surplus of the Canada and Quebec Pension Plans showed little change.

Components of Income

In the fourth quarter of 1967, labour income rose by slightly more than 1 per cent. This was lower than the rise in the second and third quarters of 1967, and less than half as large as the quarterly increases recorded throughout 1966 and the first quarter of 1967. The lower rate of increase was partially due to a reduction in employment in the goods-producing industries, although the rise in payrolls in the service-producing sector was also lower than that recorded throughout 1966 and the first three quarters of 1967.

In the goods-producing sector, total labour income increased slightly. This was almost entirely accounted for by increased earnings since declines in employment were recorded. In manufacturing, a slight increase in hours worked and continuing increases in average hourly earnings were partially offset by a decline in employment, resulting in a small increase in total payrolls. In the primary industries, wages and salaries rose by slightly more than 1 per cent after a decline during the third quarter and a slight increase in the second. Construction payrolls declined for the third successive quarter.

The service-producing sector showed an increase in total wages and salaries of almost 2 per cent. Employment increased in all components except transportation and other utilities. The largest relative gains in labour income were recorded in public utilities, governments and service.

Net corporation profits advanced by $1\frac{1}{2}$ per cent in the fourth quarter to return to the level of the second quarter of 1966. This increase was related to a 5 per cent decline in capital consumption allowances; on a gross basis, profits dipped by 1 per cent.

By industry, net profit gains were recorded in all but four categories. The industries experiencing advances were mining with a 6 per cent increase in profits, manufacturing, 7 per cent, transportation, storage and communication, 5 per cent, and wholesale trade, 4 per cent. Profits in retail trade, service, and utilities slipped 24, 18, and 3 per cent respectively, whereas the profits of the finance industry dropped 1 per cent.

Within the manufacturing group, profits of a majority of industries mounted. Improvements of over 10 per cent were registered in the rubber, textile, chemical and electrical industries, while more moderate rises occurred in the wood, petroleum and coal and metal industries. Profits held steady in the printing and publishing group, but declined in the food and beverage, paper and non-metallic minerals industries.

Rent, interest and miscellaneous investment income rose by \$96 million or just over 2 per cent from the level of the third quarter, on a seasonally adjusted basis.

Accrued net income of farm operators from farm production declined by $2\frac{1}{2}$ per cent from the level of the previous quarter. Much of the decrease occurred in the value of grain production, due mainly to the unusually low level of profits of the Canadian Wheat Board reflecting declining exports.

Net income of non-farm unincorporated business fell slightly below the third quarter level to \$3,316 million, seasonally adjusted at annual rates. Mixed movements occurred, but most significant were declines in retail trade and service.

Production by Industry^{1/}

Real gross domestic product less agriculture increased by 0.6 per cent in the fourth quarter of 1967.

Over 60 per cent of the increase in non-agricultural output came from manufacturing which rose by 1.3 per cent. Durables and non-durables manufacturing rose by 1.5 and 1 per cent respectively.

Within durables, the largest expansion occurred in iron and steel production, particularly the manufacture of pipe. Production of motor vehicles also rose in the quarter despite a decline in October attributable to the effects of labour disputes in the U.S. automobile industry. More than half of the increase in non-durables came from clothing and textile production.

There was a 1.3 per cent rise in mining, mainly the result of a substantial gain in iron ore offsetting a decline in crude petroleum from an unusually high third quarter level.

Electric power and gas utilities increased by 0.5 per cent in the fourth quarter, whereas forestry declined by 5.5 per cent, because of decreased cuttings of pulpwood and other types of wood.

Rising 1.9 per cent, the transportation, storage and communication industries contributed over 30 per cent of the total gain in non-agricultural real output. The transportation industry was the major source of strength. Water transportation recovered from the strike effects of the previous quarter. Air transport and transportation by pipelines were also strong, but passenger transport declined, a reflection of the urban transit strike in Montreal and declining traffic after the close of Expo. Within communication, the telephone component rose.

Construction declined by about 2 per cent, with a drop in public construction partially offset by an increase in private construction.

Wholesale and retail trade increased by 0.9 per cent. Farm implement dealers was the only store-type to record a large increase, of 10 per cent, which represented a partial recovery from a very low third-quarter level. Within wholesale trade movements were mixed.

^{1/}For further information see Index of Industrial Production, January 1968, DBS 61-005

The community, recreation, business and personal service grouping declined by 1.3 per cent over the third quarter of 1967, mainly because of a drop of 4.2 per cent in the personal service group. This drop, which was concentrated in the restaurants and the hotels, motels and lodging houses components, reflected the closing of Expo at the end of October.

The finance, insurance and real estate grouping rose by 1.4 per cent, with more than half of this increase coming from the rents component.

TABLES UNADJUSTED FOR SEASONAL VARIATION

TABLE 1. National Income and Gross National Product, by Quarters, 1964 and 1965
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	5,482	5,809	6,074	6,068	23,433	6,052	6,465	6,781	6,881	26,179
2. Military pay and allowances	140	150	147	146	583	145	153	149	140	587
3. Corporation profits before taxes	972	1,313	1,204	1,330	4,819	1,055	1,409	1,330	1,405	5,199
4. Deduct: Dividends paid to non-residents(1)	- 185	- 137	- 164	- 267	- 753	- 197	- 148	- 161	- 274	- 780
5. Rent, interest and miscellaneous investment income	786	766	812	898	3,262	824	848	869	996	3,537
6. Accrued net income of farm operators from farm production(2)	12	186	1,118	148	1,464	10	100	1,305	230	1,645
7. Net income of non-farm unincorporated business(3)	557	666	654	843	2,720	581	720	712	864	2,877
8. Inventory valuation adjustment(4)	- 44	- 90	25	- 22	- 131	- 41	- 117	- 55	- 112	- 325
9. NET NATIONAL INCOME AT FACTOR COST ...	7,720	8,663	9,870	9,144	35,397	8,429	9,430	10,930	10,130	38,919
10. Indirect taxes less subsidies	1,512	1,599	1,642	1,619	6,372	1,713	1,780	1,869	1,876	7,238
11. Capital consumption allowances and miscellaneous valuation adjustments	1,325	1,404	1,392	1,479	5,600	1,432	1,546	1,516	1,616	6,110
12. Residual error of estimate	- 62	- 62	78	70	24	- 108	- 38	46	36	- 64
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	10,495	11,604	12,982	12,312	47,393	11,466	12,718	14,361	13,658	52,203
14. (Gross national product at market prices excluding accrued net income of farm operators)	(10,483)	(11,418)	(11,864)	(12,164)	(45,929)	(11,456)	(12,618)	(13,056)	(13,428)	(50,558)

(1) Includes the withholding tax applicable to this item.

(2) Includes change in farm inventories as shown in line 11, Table 4. An adjustment has been made to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board.

(3) Includes net income of independent professional practitioners.

(4) See footnote 4, Table 2.

TABLE 2. Gross National Expenditure, by Quarters, 1964 and 1965
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	6,909	7,356	7,244	8,157	29,666	7,313	7,975	7,824	8,949	32,061
2. Government expenditure on goods and services(1,2)	1,948	2,154	2,323	2,229	8,654	2,115	2,441	2,603	2,455	9,614
3. Business gross fixed capital formation(3)	1,879	2,335	2,381	2,508	9,103	2,136	2,650	2,866	2,999	10,651
4. New residential construction	462	451	513	595	2,021	469	510	548	597	2,124
5. New non-residential construction ...	570	810	1,017	961	3,358	714	912	1,219	1,179	4,024
6. New machinery and equipment	847	1,074	851	952	3,724	953	1,228	1,099	1,223	4,503
7. Value of physical change in inventories(4)	25	- 158	896	- 377	386	214	- 15	1,085	- 336	948
8. Non-farm business inventories	313	32	156	15	516	492	96	164	153	905
9. Farm inventories and grain in commercial channels	- 288	- 190	740	- 392	- 130	- 278	- 111	921	- 489	43
10. Exports of goods and services	2,155	2,739	2,939	2,745	10,578	2,289	2,782	3,128	3,066	11,265
11. Deduct: Imports of goods and services	- 2,483	- 2,885	- 2,723	- 2,879	- 10,970	- 2,709	- 3,154	- 3,098	- 3,439	- 12,400
12. Residual error of estimate	62	63	- 78	- 71	- 24	108	39	- 47	- 36	64
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	10,495	11,604	12,982	12,312	47,393	11,466	12,718	14,361	13,658	52,203

(1) Includes outlays on new durable assets such as building and highway construction by governments, other than government business enterprises. Also includes net purchases of government commodity agencies.

(2) For details of defence expenditures see line 3, Table 6.

(3) Includes capital expenditures by private and government business enterprises, private non-commercial institutions, and outlays on new residential construction by individuals and business investors.

(4) The book value of inventories is deflated to remove the effect of price changes and the derived "physical" change is then valued at average prices of the current period to obtain the value of physical change. The difference between this value of physical change and the change in book value is called the inventory valuation adjustment. (See line 8, Table 1).

TABLE 1. National Income and Gross National Product, by Quarters, 1966 and 1967
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	6,894	7,364	7,665	7,738	29,661	7,629	8,076	8,369	8,315	32,389
2. Military pay and allowances	168	145	147	161	621	183	172	173	176	704
3. Corporation profits before taxes	1,130	1,440	1,209	1,366	5,145	1,016	1,354	1,270	1,380	5,020
4. Deduct: Dividends paid to non-residents(1)	- 174	- 144	- 152	- 327	- 797	- 153	- 153	- 174	- 275	- 755
5. Rent, interest and miscellaneous investment income	903	937	940	1,064	3,844	979	1,055	1,090	1,215	4,339
6. Accrued net income of farm operators from farm production(2)	100	201	1,662	241	2,204	148	215	1,211	124	1,698
7. Net income of non-farm unincorporated business(3)	622	712	722	893	2,949	626	776	820	972	3,194
8. Inventory valuation adjustment(4)	- 118	- 86	- 65	- 52	- 321	- 79	- 85	- 33	- 94	- 291
9. NET NATIONAL INCOME AT FACTOR COST ...	9,525	10,569	12,128	11,084	43,306	10,349	11,410	12,726	11,813	46,298
10. Indirect taxes less subsidies	1,932	1,974	2,053	1,991	7,950	2,168	2,163	2,164	2,210	8,705
11. Capital consumption allowances and miscellaneous valuation adjustments	1,547	1,700	1,647	1,729	6,623	1,695	1,852	1,718	1,735	7,000
12. Residual error of estimate	- 105	47	119	180	241	- 168	44	56	133	65
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	12,899	14,290	15,947	14,984	58,120	14,044	15,469	16,664	15,891	62,068
14. (Gross national product at market prices excluding accrued net income of farm operators)	(12,799)	(14,089)	(14,285)	(14,743)	(55,916)	(13,896)	(15,254)	(15,453)	(15,767)	(60,370)

(1) Includes the withholding tax applicable to this item.

(2) Includes change in farm inventories as shown in line 11, Table 4. An adjustment has been made to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board.

(3) Includes net income of independent professional practitioners.

(4) See footnote 4, Table 2.

TABLE 2. Gross National Expenditure, by Quarters, 1966 and 1967
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	8,065	8,548	8,556	9,679	34,848	8,678	9,369	9,224	10,443	37,714
2. Government expenditure on goods and services(1,2)	2,449	2,743	3,156	2,938	11,286	2,736	3,157	3,341	3,143	12,377
3. Business gross fixed capital formation(3)	2,638	3,328	3,120	3,407	12,493	2,864	3,412	3,006	3,083	12,365
4. New residential construction	512	563	534	562	2,171	405	597	663	672	2,337
5. New non-residential construction ...	866	1,247	1,315	1,422	4,850	1,021	1,187	1,187	1,275	4,670
6. New machinery and equipment	1,260	1,518	1,271	1,423	5,472	1,438	1,628	1,156	1,136	5,358
7. Value of physical change in inventories(4)	45	120	1,219	- 444	940	- 67	- 129	966	- 545	225
8. Non-farm business inventories	390	272	67	48	777	248	- 5	105	- 159	189
9. Farm inventories and grain in commercial channels	- 345	- 152	1,152	- 492	163	- 315	- 124	861	- 386	36
10. Exports of goods and services	2,729	3,253	3,624	3,467	13,073	3,151	3,842	3,878	3,737	14,608
11. Deduct: Imports of goods and services	- 3,133	- 3,655	- 3,609	- 3,883	-14,280	- 3,485	- 4,139	- 3,695	- 3,838	-15,157
12. Residual error of estimate	106	- 47	- 119	- 180	- 240	167	- 43	- 56	- 132	- 64
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	12,899	14,290	15,947	14,984	58,120	14,044	15,469	16,664	15,891	62,068

(1) Includes outlays on new durable assets such as building and highway construction by governments, other than government business enterprises. Also includes net purchases of government commodity agencies.

(2) For details of defence expenditures see line 3, Table 6.

(3) Includes capital expenditures by private and government business enterprises, private non-commercial institutions, and outlays on new residential construction by individuals and business investors.

(4) The book value of inventories is deflated to remove the effect of price changes and the derived "physical" change is then valued at average prices of the current period to obtain the value of physical change. The difference between this value of physical change and the change in book value is called the inventory valuation adjustment. (See line 8, Table 1).

TABLE 3. Source of Personal Income, by Quarters, 1964 and 1965
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	5,482	5,809	6,074	6,068	23,433	6,052	6,465	6,781	6,881	26,179
2. Deduct: Employer and employee contributions to social insurance and government pension funds	- 223	- 222	- 233	- 234	- 912	- 247	- 249	- 265	- 266	- 1,027
3. Military pay and allowances	140	150	147	146	583	145	153	149	140	587
4. Net income received by farm operators from farm production(1)	162	97	1,020	74	1,353	262	55	1,226	146	1,689
5. Net income of non-farm unincorporated business	557	666	654	843	2,720	581	720	712	864	2,877
6. Interest, dividends and net rental income of persons(2)	920	951	936	992	3,799	998	1,016	1,023	1,102	4,139
<u>Transfer payments to persons</u>										
7. From government (excluding interest)	1,119	1,025	979	1,010	4,133	1,222	1,113	1,110	1,129	4,574
8. Charitable contributions by corporations	11	11	11	11	44	11	11	11	11	44
9. PERSONAL INCOME	8,168	8,487	9,588	8,910	35,153	9,024	9,284	10,747	10,007	39,062

(1) This item differs from line 6, of Table 1, by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.

(2) Includes all government debt interest paid to persons.

TABLE 4. Disposition of Personal Income, by Quarters, 1964 and 1965
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal direct taxes	768	916	856	888	3,428	907	1,042	959	1,005	3,913
2. Income taxes	624	801	756	776	2,957	746	909	835	865	3,355
3. Succession duties and estate taxes ..	41	55	37	46	179	42	50	55	65	212
4. Miscellaneous	103	60	63	66	292	119	83	69	75	346
5. Personal expenditure on consumer goods and services	6,909	7,356	7,244	8,157	29,666	7,313	7,975	7,824	8,949	32,061
6. Non-durable goods	3,259	3,408	3,578	4,144	14,389	3,416	3,663	3,849	4,510	15,438
7. Durable goods	805	1,002	803	982	3,592	827	1,115	889	1,170	4,001
8. Services(1)	2,845	2,946	2,863	3,031	11,685	3,070	3,197	3,086	3,269	12,622
9. Personal net saving	491	215	1,488	- 135	2,059	804	267	1,964	53	3,088
10. Personal saving excluding change in farm inventories	757	338	740	323	2,158	1,059	355	1,027	591	3,032
11. Value of physical change in farm inventories	- 266	- 123	748	- 458	- 99	- 255	- 88	937	- 538	56
12. PERSONAL INCOME	8,168	8,487	9,588	8,910	35,153	9,024	9,284	10,747	10,007	39,062
13. (Personal disposable income)(2)	(7,400)	(7,571)	(8,732)	(8,022)	(31,725)	(8,117)	(8,242)	(9,788)	(9,002)	(35,149)

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 3. Source of Personal Income, by Quarters, 1966 and 1967
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	6,894	7,364	7,665	7,738	29,661	7,629	8,076	8,369	8,315	32,389
2. Deduct: Employer and employee contributions to social insurance and government pension funds	- 392	- 483	- 496	- 472	- 1,843	- 491	- 533	- 556	- 451	- 2,031
3. Military pay and allowances	168	145	147	161	621	183	172	173	176	704
4. Net income received by farm operators from farm production(1)	275	112	1,525	136	2,048	400	121	1,161	103	1,785
5. Net income of non-farm unincorporated business	622	712	722	893	2,949	626	776	820	972	3,194
6. Interest, dividends and net rental income of persons(2)	1,092	1,122	1,122	1,200	4,536	1,173	1,211	1,211	1,299	4,894
<u>Transfer payments to persons</u>										
7. From government (excluding interest)	1,292	1,218	1,235	1,302	5,047	1,588	1,533	1,489	1,613	6,223
8. Charitable contributions by corporations	11	11	11	11	44	11	11	11	11	44
9. PERSONAL INCOME	9,962	10,201	11,931	10,969	43,063	11,119	11,367	12,678	12,038	47,202

(1) This item differs from line 6, of Table 1, by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.

(2) Includes all government debt interest paid to persons.

TABLE 4. Disposition of Personal Income, by Quarters, 1966 and 1967
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal direct taxes	1,071	1,109	1,116	1,188	4,484	1,398	1,309	1,347	1,439	5,493
2. Income taxes	901	968	981	1,053	3,903	1,213	1,167	1,224	1,300	4,904
3. Succession duties and estate taxes ..	46	56	66	56	224	54	51	53	57	215
4. Miscellaneous	124	85	69	79	357	131	91	70	82	374
5. Personal expenditure on consumer goods and services	8,065	8,548	8,556	9,679	34,848	8,678	9,369	9,224	10,443	37,714
6. Non-durable goods	3,754	4,024	4,234	4,918	16,930	4,090	4,415	4,665	5,318	18,488
7. Durable goods	958	1,062	951	1,198	4,169	921	1,225	990	1,229	4,365
8. Services(1)	3,353	3,462	3,371	3,563	13,749	3,667	3,729	3,569	3,896	14,861
9. Personal net saving	826	544	2,259	102	3,731	1,043	689	2,107	156	3,995
10. Personal saving excluding change in farm inventories	1,120	661	1,159	642	3,582	1,328	809	1,363	619	4,119
11. Value of physical change in farm inventories	- 294	- 117	1,100	- 540	149	- 285	- 120	744	- 463	- 124
12. PERSONAL INCOME	9,962	10,201	11,931	10,969	43,063	11,119	11,367	12,678	12,038	47,202
13. (Personal disposable income)(2)	(8,891)	(9,092)	(10,815)	(9,781)	(38,579)	(9,721)	(10,058)	(11,331)	(10,599)	(41,709)

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 5. Government Revenue, by Quarters, 1964 and 1965
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Direct taxes - Persons	768	916	856	888	3,428	907	1,042	959	1,005	3,913
2. Federal	549	699	648	662	2,558	621	757	661	677	2,716
3. Provincial and municipal	219	217	208	226	870	286	285	298	328	1,197
4. Direct taxes - Corporations	439	551	517	546	2,053	460	595	562	608	2,225
5. Federal(1)	331	415	389	411	1,546	346	448	423	458	1,675
6. (Federal tax collections)(1)	(324)	(521)	(375)	(385)	(1,605)	(359)	(566)	(396)	(394)	(1,715)
7. Provincial	108	136	128	135	507	114	147	139	150	550
8. (Provincial tax collections)	(116)	(126)	(134)	(116)	(492)	(145)	(149)	(143)	(117)	(554)
<u>Withholding taxes</u>										
9. Federal(2)	30	34	25	51	140	37	44	29	58	168
10. Indirect taxes	1,577	1,664	1,719	1,735	6,695	1,766	1,837	1,958	2,003	7,564
11. Federal	616	719	739	773	2,847	689	801	848	914	3,252
12. Provincial and municipal	961	945	980	962	3,848	1,077	1,036	1,110	1,089	4,312
13. Investment income	346	345	379	456	1,526	372	403	392	504	1,671
14. Federal	122	123	143	182	570	126	161	142	201	630
15. Provincial and municipal	224	222	236	274	956	246	242	250	303	1,041
16. Canada Pension Plan										
17. Employer and employee contributions to social insurance and government pension funds	223	222	233	234	912	247	249	265	266	1,027
18. Federal	142	140	145	147	574	151	149	158	160	618
19. Provincial and municipal	81	82	88	87	338	96	100	107	106	409
20. Canada Pension Plan										
21. Quebec Pension Plan										
<u>Transfers from Federal</u>										
22. Provincial and municipal	298	326	305	323	1,252	387	364	313	370	1,434
23. TOTAL REVENUE	3,681	4,058	4,034	4,233	16,006	4,176	4,534	4,478	4,814	18,002
24. FEDERAL	1,790	2,130	2,089	2,226	8,235	1,970	2,360	2,261	2,468	9,059
25. PROVINCIAL AND MUNICIPAL	1,891	1,928	1,945	2,007	7,771	2,206	2,174	2,217	2,346	8,943
26. CANADA PENSION PLAN										
27. QUEBEC PENSION PLAN										

(1) Excludes refundable tax on corporate cash profits introduced May, 1966. The amounts collected in 1966 were: second quarter \$19 million, third quarter \$57 million and fourth quarter \$56 million. In 1967 the following amounts were collected: first quarter \$64 million, second quarter \$27 million, third quarter \$10 million and fourth quarter \$8 million.

(2) Beginning in 1962, the withholding tax series has been adjusted to conform more closely with the flow of interest and dividends to non-residents.

TABLE 5. Government Revenue, by Quarters, 1966 and 1967
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Direct taxes - Persons	1,071	1,109	1,116	1,188	4,484	1,398	1,309	1,347	1,439	5,493
2. Federal	661	746	752	796	2,955	859	896	881	936	3,572
3. Provincial and municipal	410	363	364	392	1,529	539	413	466	503	1,921
4. Direct taxes - Corporations	462	626	559	605	2,252	441	604	555	608	2,208
5. Federal(1)	348	471	421	456	1,696	325	446	410	449	1,630
6. (Federal tax collections)(1)	(398)	(528)	(409)	(392)	(1,727)	(400)	(569)	(423)	(413)	(1,805)
7. Provincial	114	155	138	149	556	116	158	145	159	578
8. (Provincial tax collections)	(143)	(159)	(147)	(123)	(572)	(149)	(160)	(162)	(141)	(612)
<u>Withholding taxes</u>										
9. Federal(2)	39	53	34	77	203	41	66	37	74	218
10. Indirect taxes	2,023	2,072	2,174	2,197	8,466	2,255	2,275	2,330	2,367	9,227
11. Federal	806	899	910	960	3,575	879	942	921	965	3,707
12. Provincial and municipal	1,217	1,173	1,264	1,237	4,891	1,376	1,333	1,409	1,402	5,520
13. Investment income	409	452	432	520	1,813	440	523	546	640	2,149
14. Federal	127	188	157	218	690	126	210	215	249	800
15. Provincial and municipal	282	264	273	299	1,118	307	306	321	378	1,312
16. Canada Pension Plan			2	3	5	7	7	10	13	37
17. Employer and employee contributions to social insurance and government pension funds	392	483	496	472	1,843	491	533	556	451	2,031
18. Federal	162	169	182	177	690	172	173	198	161	704
19. Provincial and municipal	104	107	114	114	439	114	117	124	123	478
20. Canada Pension Plan	95	150	147	139	531	152	179	172	121	624
21. Québec Pension Plan	31	57	53	42	183	53	64	62	46	225
<u>Transfers from Federal</u>										
22. Provincial and municipal	396	421	393	452	1,662	446	538	495	513	1,992
23. TOTAL REVENUE	4,792	5,216	5,204	5,511	20,723	5,512	5,848	5,866	6,092	23,318
24. FEDERAL	2,143	2,526	2,456	2,684	9,809	2,402	2,733	2,662	2,834	10,631
25. PROVINCIAL AND MUNICIPAL	2,523	2,483	2,546	2,643	10,195	2,898	2,865	2,960	3,078	11,801
26. CANADA PENSION PLAN	95	150	149	142	536	159	186	182	134	661
27. QUEBEC PENSION PLAN	31	57	53	42	183	53	64	62	46	225

(1) Excludes refundable tax on corporate cash profits introduced May, 1966. The amounts collected in 1966 were: second quarter \$19 million, third quarter \$57 million and fourth quarter \$56 million. In 1967 the following amounts were collected: first quarter \$64 million, second quarter \$27 million, third quarter \$10 million and fourth quarter \$8 million.

(2) Beginning in 1962, the withholding tax series has been adjusted to conform more closely with the flow of interest and dividends to non-residents.

TABLE 6. Government Expenditure, by Quarters, 1964 and 1965
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Goods and services	1,948	2,154	2,323	2,229	8,654	2,115	2,441	2,603	2,455	9,614
2. Federal	780	738	781	747	3,046	834	770	878	811	3,293
3. (Defence)	(455)	(379)	(362)	(388)	(1,584)	(460)	(352)	(380)	(367)	(1,559)
4. Provincial and municipal	1,168	1,416	1,542	1,482	5,608	1,281	1,671	1,725	1,644	6,321
5. Transfer payments to persons (excluding interest on the public debt)	1,119	1,025	979	1,010	4,133	1,222	1,113	1,110	1,129	4,574
6. Federal	633	566	505	535	2,239	656	594	533	529	2,312
7. Provincial and municipal	486	459	474	475	1,894	566	519	577	600	2,262
8. Interest on the public debt	350	404	366	406	1,526	379	440	388	438	1,645
9. Federal	236	259	253	247	995	253	271	262	266	1,052
10. Provincial and municipal	114	145	113	159	531	126	169	126	172	593
11. Subsidies	65	65	77	116	323	53	57	89	127	326
12. Federal	61	60	51	105	277	44	50	55	110	259
13. Provincial	4	5	26	11	46	9	7	34	17	67
<u>Capital Assistance(1)</u>										
14. Federal	20	28	22	12	82	20	21	21	22	84
Transfers to other levels of government:										
15. Federal	298	326	305	323	1,252	387	364	313	370	1,434
16. Total expenditure	3,800	4,002	4,072	4,096	15,970	4,176	4,436	4,524	4,541	17,677
17. Federal	2,028	1,977	1,917	1,969	7,891	2,194	2,070	2,062	2,108	8,434
18. Provincial and municipal	1,772	2,025	2,155	2,127	8,079	1,982	2,366	2,462	2,433	9,243
19. Deficit (-) or Surplus	- 119	56	- 38	137	36	-	98	- 46	273	325
20. Federal	- 238	153	172	257	344	- 224	290	199	360	625
21. Provincial and municipal	119	- 97	- 210	- 120	- 308	224	- 192	- 245	- 87	- 300
22. Canada Pension Plan										
23. Quebec Pension Plan										
24. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	3,681	4,058	4,034	4,233	16,006	4,176	4,534	4,478	4,814	18,002
25. FEDERAL	1,790	2,130	2,089	2,226	8,235	1,970	2,360	2,261	2,468	9,059
26. PROVINCIAL AND MUNICIPAL	1,891	1,928	1,945	2,007	7,771	2,206	2,174	2,217	2,346	8,943
27. CANADA PENSION PLAN										
28. QUEBEC PENSION PLAN										

(1) From 1961 on, this item is treated as government current expenditure; prior to 1961, it was treated as capital transfer.

TABLE 6. Government Expenditure, by Quarters, 1966 and 1967
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Goods and services	2,449	2,743	3,156	2,938	11,286	2,736	3,157	3,341	3,143	12,377
2. Federal	939	906	1,056	1,019	3,920	1,034	1,084	1,112	1,029	4,259
3. (Defence)	(481)	(369)	(406)	(453)	(1,709)	(470)	(426)	(471)	(438)	(1,805)
4. Provincial and municipal	1,510	1,837	2,100	1,919	7,366	1,702	2,073	2,229	2,114	8,118
5. Transfer payments to persons (excluding interest on the public debt)	1,292	1,218	1,235	1,302	5,047	1,588	1,533	1,489	1,613	6,223
6. Federal	676	622	581	599	2,478	771	778	686	701	2,936
7. Provincial and municipal	616	596	654	703	2,569	817	755	803	912	3,287
8. Interest on the public debt	417	483	429	476	1,805	438	525	474	545	1,982
9. Federal	278	293	293	287	1,151	283	314	320	328	1,245
10. Provincial and municipal	139	190	136	189	654	155	211	154	217	737
11. Subsidies	91	98	121	206	516	87	112	166	157	522
12. Federal	55	75	69	176	375	61	99	110	120	390
13. Provincial	36	23	52	30	141	26	13	56	37	132
<u>Capital Assistance(1)</u>										
14. Federal	8	22	14	15	59	13	15	12	25	65
Transfers to other levels of government:										
15. Federal	396	421	393	452	1,662	446	538	495	513	1,992
16. Total expenditure	4,653	4,985	5,348	5,389	20,375	5,308	5,880	5,977	5,996	23,161
17. Federal	2,352	2,339	2,406	2,548	9,645	2,608	2,828	2,735	2,716	10,887
18. Provincial and municipal	2,301	2,646	2,942	2,841	10,730	2,700	3,052	3,242	3,280	12,274
19. Deficit (-) or Surplus	139	231	- 144	122	348	204	- 32	- 111	96	157
20. Federal	- 209	187	50	136	164	- 206	- 95	- 73	118	- 256
21. Provincial and municipal	222	- 163	- 396	- 198	- 535	198	- 187	- 282	- 202	- 473
22. Canada Pension Plan	95	150	149	142	536	159	186	182	134	661
23. Quebec Pension Plan	31	57	53	42	183	53	64	62	46	225
24. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	4,792	5,216	5,204	5,511	20,723	5,512	5,848	5,866	6,092	23,318
25. FEDERAL	2,143	2,526	2,456	2,684	9,809	2,402	2,733	2,662	2,834	10,631
26. PROVINCIAL AND MUNICIPAL	2,523	2,483	2,546	2,643	10,195	2,898	2,865	2,960	3,078	11,801
27. CANADA PENSION PLAN	95	150	149	142	536	159	186	182	134	661
28. QUEBEC PENSION PLAN	31	57	53	42	183	53	64	62	46	225

(1) From 1961 on, this item is treated as government current expenditure; prior to 1961, it was treated as capital transfer.

TABLE 7. Source of National Saving, by Quarters, 1964 and 1965
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal net saving	491	215	1,488	- 135	2,059	804	267	1,964	53	3,088
2. Business gross saving	1,372	1,975	1,862	1,876	7,085	1,383	2,092	2,025	2,004	7,504
3. Undistributed corporation profits	177	454	350	311	1,292	183	480	409	282	1,354
4. Capital consumption allowances and miscellaneous valuation adjustments	1,325	1,404	1,392	1,479	5,600	1,432	1,546	1,516	1,616	6,110
5. Adjustment on grain transactions(1) ..	- 150	89	98	74	111	- 252	45	79	84	- 44
6. Capital assistance	20	28	22	12	82	20	21	21	22	84
7. Inventory valuation adjustment	- 44	- 90	25	- 22	- 131	- 41	- 117	- 55	- 112	- 325
8. Government surplus or deficit (-)	- 119	56	- 38	137	36	-	98	- 46	273	325
9. Residual error of estimate	- 62	- 62	78	70	24	- 108	- 38	46	36	- 64
10. Totals	1,638	2,094	3,415	1,926	9,073	2,038	2,302	3,934	2,254	10,528

(1) This item is an adjustment to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board. See also footnote 1, Table 3.

TABLE 8. Disposition of National Saving, by Quarters, 1964 and 1965
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Business gross fixed capital formation ..	1,879	2,335	2,381	2,508	9,103	2,136	2,650	2,866	2,999	10,651
2. New residential construction	462	451	513	595	2,021	469	510	548	597	2,124
3. New non-residential construction	570	810	1,017	961	3,358	714	912	1,219	1,179	4,024
4. New machinery and equipment	847	1,074	851	952	3,724	953	1,228	1,099	1,223	4,503
5. Value of physical change in inventories	25	- 158	896	- 377	386	214	- 15	1,085	- 336	948
6. Surplus or deficit (-) on current account with non-residents	- 328	- 146	216	- 134	- 392	- 420	- 372	30	- 373	- 1,135
7. Residual error of estimate	62	63	- 78	- 71	- 24	108	39	- 47	- 36	64
8. Totals	1,638	2,094	3,415	1,926	9,073	2,038	2,302	3,934	2,254	10,528

TABLE 7. Source of National Saving, by Quarters, 1966 and 1967
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal net saving	826	544	2,259	102	3,731	1,043	689	2,107	156	3,995
2. Business gross saving	1,643	2,263	2,066	2,015	7,987	1,630	2,327	2,080	2,014	8,051
3. Undistributed corporation profits	263	452	268	166	1,149	174	366	300	233	1,073
4. Capital consumption allowances and miscellaneous valuation adjustments	1,547	1,700	1,647	1,729	6,623	1,695	1,852	1,718	1,735	7,000
5. Adjustment on grain transactions(1) ..	- 175	89	137	105	156	- 252	94	50	21	- 87
6. Capital assistance	8	22	14	15	59	13	15	12	25	65
7. Inventory valuation adjustment	- 118	- 86	- 65	- 52	- 321	- 79	- 85	- 33	- 94	- 291
8. Government surplus or deficit (-)	139	231	- 144	122	348	204	- 32	- 111	96	157
9. Residual error of estimate	- 105	47	119	180	241	- 168	44	56	133	65
10. Totals	2,385	2,999	4,235	2,367	11,986	2,630	2,943	4,099	2,305	11,977

(1) This item is an adjustment to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board. See also footnote 1, Table 3.

TABLE 8. Disposition of National Saving, by Quarters, 1966 and 1967
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Business gross fixed capital formation ..	2,638	3,328	3,120	3,407	12,493	2,864	3,412	3,006	3,083	12,365
2. New residential construction	512	563	534	562	2,171	405	597	663	672	2,337
3. New non-residential construction	866	1,247	1,315	1,422	4,850	1,021	1,187	1,187	1,275	4,670
4. New machinery and equipment	1,260	1,518	1,271	1,423	5,472	1,438	1,628	1,156	1,136	5,358
5. Value of physical change in inventories	45	120	1,219	- 444	940	- 67	- 129	966	- 545	225
6. Surplus or deficit (-) on current account with non-residents	- 404	- 402	15	- 416	- 1,207	- 334	- 297	183	- 101	- 549
7. Residual error of estimate	106	- 47	- 119	- 180	- 240	167	- 43	- 56	- 132	- 64
8. Totals	2,385	2,999	4,235	2,367	11,986	2,630	2,943	4,099	2,305	11,977

TABLE 9. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1964 and 1965
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
1. GROSS NATIONAL PRODUCT AT MARKET PRICES	10,495	11,604	12,982	12,312	47,393	11,466	12,718	14,361	13,658	52,203
2. Deduct: Residual error of estimate	62	62	- 78	- 70	- 24	108	38	- 46	- 36	64
Indirect taxes less sub-sidies	- 1,512	- 1,599	- 1,642	- 1,619	- 6,372	- 1,713	- 1,780	- 1,869	- 1,876	- 7,238
Income received from non-residents	- 67	- 60	- 54	- 151	- 332	- 70	- 76	- 73	- 103	- 322
5. Add: Income paid to non-residents	239	219	219	333	1,010	260	244	225	357	1,086
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	9,217	10,226	11,427	10,805	41,675	10,051	11,144	12,598	12,000	45,793

TABLE 10. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1964 and 1965(1)
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	6,302	6,678	6,511	7,355	26,846	6,566	7,111	6,892	7,892	28,461
2. Non-durable goods	3,032	3,144	3,255	3,803	13,234	3,145	3,316	3,438	4,021	13,920
3. Durable goods	803	999	808	975	3,585	827	1,115	893	1,170	4,005
4. Services	2,467	2,535	2,448	2,577	10,027	2,594	2,680	2,561	2,701	10,536
5. Government expenditure on goods and services	1,546	1,791	1,989	1,787	7,113	1,615	1,918	2,128	1,863	7,524
6. Business gross fixed capital formation	1,598	1,952	1,982	2,074	7,606	1,727	2,121	2,297	2,385	8,530
7. New residential construction	384	369	413	475	1,641	370	395	423	455	1,643
8. New non-residential construction ..	490	684	856	800	2,830	576	725	971	924	3,196
9. New machinery and equipment	724	899	713	799	3,135	781	1,001	903	1,006	3,691
10. Change in inventories	78	- 179	795	- 340	354	253	- 36	976	- 255	938
11. Non-farm business inventories	323	45	110	8	486	481	109	115	169	874
12. Farm inventories and grain in commercial channels	- 245	- 224	685	- 348	- 132	- 228	- 145	861	- 424	64
13. Exports of goods and services	1,981	2,488	2,655	2,486	9,610	2,081	2,509	2,783	2,725	10,098
(of which merchandise)	(1,626)	(2,039)	(2,015)	(1,974)	(7,654)	(1,710)	(2,032)	(2,076)	(2,253)	(8,071)
14. Deduct: Imports of goods and services ..	- 2,167	- 2,513	- 2,397	- 2,555	- 9,632	- 2,364	- 2,779	- 2,692	- 3,003	- 10,838
(of which merchandise) (2)	(1,500)	(1,812)	(1,653)	(1,789)	(6,754)	(1,666)	(2,016)	(1,891)	(2,192)	(7,765)
15. Residual error of estimate	54	56	- 69	- 62	- 21	92	33	- 40	- 30	55
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	9,392	10,273	11,466	10,745	41,876	9,970	10,877	12,344	11,577	44,768

(1) The implicit price deflators of the seasonally unadjusted components of Gross National Expenditure, derived by dividing the value figures in Table 2 by the constant dollar figures in Table 10, are not suitable as indicators of quarter-to-quarter price change. This is because they are currently weighted and therefore are affected by compositional shifts which occur within the unadjusted components of Gross National Expenditure, on a quarter-to-quarter basis. Quarter-to-quarter comparisons based on seasonally adjusted data are less subject to the problem of shifting weights and may be used as a measure of price change.

(2) The statistical basis for deflating merchandise imports is subject to a significant margin of error.

TABLE 9. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1966 and 1967
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
1. GROSS NATIONAL PRODUCT AT MARKET PRICES	12,899	14,290	15,947	14,984	58,120	14,044	15,469	16,664	15,891	62,068
2. Deduct: Residual error of estimate	105	- 47	- 119	- 180	- 241	168	- 44	- 56	- 133	- 65
3. Indirect taxes less subsidies	- 1,932	- 1,974	- 2,053	- 1,991	- 7,950	- 2,168	- 2,163	- 2,164	- 2,210	- 8,705
4. Income received from non-residents	- 71	- 81	- 55	- 116	- 323	- 62	- 54	- 63	- 102	- 281
5. Add: Income paid to non-residents	247	250	230	408	1,135	242	269	263	375	1,149
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	11,248	12,438	13,950	13,105	50,741	12,224	13,477	14,644	13,821	54,166

TABLE 10. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1966 and 1967(1)
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	7,024	7,354	7,284	8,240	29,902	7,344	7,830	7,579	8,574	31,327
2. Non-durable goods	3,313	3,493	3,622	4,234	14,662	3,555	3,767	3,906	4,480	15,708
3. Durable goods	972	1,065	959	1,180	4,176	917	1,205	967	1,169	4,258
4. Services	2,739	2,796	2,703	2,826	11,064	2,872	2,858	2,706	2,925	11,361
5. Government expenditure on goods and services	1,763	2,047	2,404	2,121	8,335	1,857	2,219	2,386	2,144	8,606
6. Business gross fixed capital formation	2,068	2,575	2,396	2,594	9,633	2,156	2,590	2,271	2,301	9,318
7. New residential construction	385	415	386	399	1,585	285	409	450	447	1,591
8. New non-residential construction ..	664	943	992	1,057	3,656	740	851	854	905	3,350
9. New machinery and equipment	1,019	1,217	1,018	1,138	4,392	1,131	1,330	967	949	4,377
10. Change in inventories	106	66	1,052	- 333	891	- 27	- 187	819	- 431	174
11. Non-farm business inventories	380	272	- 4	78	726	229	8	38	- 113	162
12. Farm inventories and grain in commercial channels	- 274	- 206	1,056	- 411	165	- 256	- 195	781	- 318	12
13. Exports of goods and services	2,415	2,846	3,095	2,989	11,345	2,714	3,281	3,273	3,199	12,467
(of which merchandise)	(2,025)	(2,346)	(2,379)	(2,494)	(9,244)	(2,321)	(2,680)	(2,418)	(2,711)	(10,130)
14. Deduct: Imports of goods and services (of which merchandise)(2)	- 2,701	- 3,140	- 3,077	- 3,322	- 12,240	- 2,956	- 3,505	- 3,126	- 3,247	- 12,834
	(1,971)	(2,350)	(2,197)	(2,443)	(8,961)	(2,210)	(2,653)	(2,315)	(2,429)	(9,607)
15. Residual error of estimate	88	- 39	- 98	- 147	- 196	133	- 35	- 45	- 104	- 51
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	10,763	11,709	13,056	12,142	47,670	11,221	12,193	13,157	12,436	49,007

(1) The implicit price deflators of the seasonally unadjusted components of Gross National Expenditure, derived by dividing the value figures in Table 2 by the constant dollar figures in Table 10, are not suitable as indicators of quarter-to-quarter price change. This is because they are currently weighted and therefore are affected by compositional shifts which occur within the unadjusted components of Gross National Expenditure, on a quarter-to-quarter basis. Quarter-to-quarter comparisons based on seasonally adjusted data are less subject to the problem of shifting weights and may be used as a measure of price change.

(2) The statistical basis for deflating merchandise imports is subject to a significant margin of error.

TABLES ADJUSTED FOR SEASONAL VARIATION AND AT ANNUAL RATES

TABLE 11. National Income and Gross National Product, by Quarters, 1964 and 1965 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	22,744	23,112	23,724	24,152	23,433	25,112	25,736	26,500	27,368	26,179
2. Military pay and allowances	572	576	584	600	583	596	592	600	560	587
3. Corporation profits before taxes	4,692	4,756	4,772	5,056	4,819	5,040	5,112	5,344	5,300	5,199
4. Deduct: Dividends paid to non-residents(1)	- 748	- 684	- 792	- 788	- 753	- 800	- 756	- 788	- 776	- 780
5. Rent, interest and miscellaneous investment income	3,224	3,176	3,276	3,372	3,262	3,384	3,484	3,528	3,752	3,537
6. Accrued net income of farm operators from farm production(2)	1,404	1,676	1,424	1,352	1,464	1,564	1,496	1,780	1,740	1,645
7. Net income of non-farm unincorporated business(3)	2,644	2,676	2,736	2,824	2,720	2,736	2,872	2,980	2,920	2,877
8. Inventory valuation adjustment	- 200	- 224	4	- 104	- 131	- 188	- 308	- 340	- 464	- 325
9. NET NATIONAL INCOME AT FACTOR COST	34,332	35,064	35,728	36,464	35,397	37,444	38,228	39,604	40,400	38,919
10. Indirect taxes less subsidies	6,148	6,396	6,548	6,396	6,372	6,968	7,144	7,440	7,400	7,238
11. Capital consumption allowances and miscellaneous valuation adjustments ..	5,488	5,520	5,632	5,760	5,600	5,944	6,092	6,128	6,276	6,110
12. Residual error of estimate	56	104	- 12	- 52	24	- 104	- 40	- 176	64	- 64
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	46,024	47,084	47,896	48,568	47,393	50,252	51,424	52,996	54,140	52,203
14. (Gross national product at market prices excluding accrued net income of farm operators)	(44,620)	(45,408)	(46,472)	(47,216)	(45,929)	(48,688)	(49,928)	(51,216)	(52,400)	(50,558)

(1) See footnote 1, Table 1.

(2) Includes an arbitrary smoothing of crop production and standard seasonal adjustments for withdrawals of grain from farm stocks and the change in livestock items. Because of the arbitrary elements, too precise an interpretation should not be given the seasonally adjusted figures of accrued net income of farm operators.

(3) Includes net income of independent professional practitioners.

TABLE 12. Gross National Expenditure, by Quarters, 1964 and 1965 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	29,000	29,296	29,984	30,384	29,666	30,764	31,664	32,524	33,292	32,061
2. Government expenditure on goods and services(1, 2)	8,536	8,600	8,552	8,928	8,654	9,244	9,520	9,668	10,024	9,614
3. Business Gross fixed capital formation(3)	8,828	9,008	9,068	9,508	9,103	9,848	10,172	11,000	11,584	10,651
4. New residential construction	2,008	1,944	1,996	2,136	2,021	2,052	2,136	2,144	2,164	2,124
5. New non-residential construction	3,220	3,304	3,428	3,480	3,358	3,816	3,728	4,148	4,404	4,024
6. New machinery and equipment	3,600	3,760	3,644	3,892	3,724	3,980	4,308	4,708	5,016	4,503
7. Value of physical change in inventories	364	516	436	228	386	1,288	1,168	728	608	948
8. Non-farm business inventories	488	704	784	88	516	1,108	980	836	696	905
9. Farm inventories and grain in commercial channels(4)	- 124	- 188	- 348	140	- 130	180	188	- 108	- 88	43
10. Exports of goods and services	10,096	10,748	10,832	10,636	10,578	10,712	10,940	11,460	11,948	11,265
11. Deduct: Imports of goods and services ..	- 10,740	- 10,976	- 10,992	- 11,172	- 10,970	- 11,704	- 12,076	- 12,564	- 13,256	- 12,400
12. Residual error of estimate	- 60	- 108	16	56	- 24	100	36	180	- 60	64
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	46,024	47,084	47,896	48,568	47,393	50,252	51,424	52,996	54,140	52,203
<u>Detail of Farm Inventories and GICC</u>										
Value of grain crop production	1,132	1,132	1,136	1,132	1,133	1,300	1,300	1,300	1,304	1,301
Depletions of farm stocks of grain	- 1,384	- 1,324	- 1,248	- 1,172	- 1,282	- 1,188	- 1,168	- 1,116	- 1,340	- 1,203
Change in livestock inventories	48	92	16	44	50	- 4	- 40	- 28	- 96	- 42
Grain in Commercial Channels	80	- 88	- 252	136	- 31	72	96	- 264	44	- 13

(1) See footnote 1, Table 2.

(2) For details of defence expenditures, see line 3, Table 16.

(3) See footnote 3, Table 2.

(4) In the seasonally adjusted series, the value of grain production in each quarter is taken as one-fourth of the estimated value of crop production for the year as a whole (see footnote 2, Table 11). All other items in the farm inventories series are seasonally adjusted by standard techniques.

TABLE 11. National Income and Gross National Product, by Quarters, 1966 and 1967 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	28,548	29,308	29,964	30,824	29,661	31,512	32,140	32,772	33,132	32,389
2. Military pay and allowances	684	568	588	644	621	740	680	692	704	704
3. Corporation profits before taxes	5,380	5,236	4,824	5,140	5,145	4,796	4,900	5,148	5,236	5,020
4. Deduct: Dividends paid to non-residents(1)	- 728	- 768	- 776	- 916	- 797	- 640	- 808	- 852	- 720	- 755
5. Rent, interest and miscellaneous investment income	3,708	3,844	3,832	3,992	3,844	4,012	4,360	4,444	4,540	4,339
6. Accrued net income of farm operators from farm production(2)	2,184	2,244	2,252	2,136	2,204	1,996	1,856	1,488	1,452	1,698
7. Net income of non-farm unincorporated business(3)	2,936	2,852	3,000	3,008	2,949	2,948	3,176	3,336	3,316	3,194
8. Inventory valuation adjustment	- 488	- 232	- 340	- 224	- 321	- 292	- 268	- 228	- 376	- 291
9. NET NATIONAL INCOME AT FACTOR COST	42,224	43,052	43,344	44,604	43,306	45,072	46,036	46,800	47,284	46,298
10. Indirect taxes less subsidies	7,860	7,912	8,180	7,848	7,950	8,792	8,688	8,624	8,716	8,705
11. Capital consumption allowances and miscellaneous valuation adjustments ..	6,404	6,624	6,696	6,768	6,623	7,000	7,176	6,980	6,844	7,000
12. Residual error of estimate	96	280	120	468	241	- 28	172	- 32	148	65
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	56,584	57,868	58,340	59,688	58,120	60,836	62,072	62,372	62,992	62,068
14. (Gross national product at market prices excluding accrued net income of farm operators)	(54,400)	(55,624)	(56,088)	(57,552)	(55,916)	(58,840)	(60,216)	(60,884)	(61,540)	(60,370)

(1) See footnote 1, Table 1.

(2) Includes an arbitrary smoothing of crop production and standard seasonal adjustments for withdrawals of grain from farm stocks and the change in livestock items. Because of the arbitrary elements, too precise an interpretation should not be given the seasonally adjusted figures of accrued net income of farm operators.

(3) Includes net income of independent professional practitioners.

TABLE 12. Gross National Expenditure, by Quarters, 1966 and 1967 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	33,956	34,116	35,332	35,988	34,848	36,444	37,388	38,192	38,832	37,714
2. Government expenditure on goods and services(1, 2)	10,656	10,964	11,632	11,892	11,286	11,860	12,672	12,288	12,688	12,377
3. Business gross fixed capital formation(3)	11,968	12,572	12,308	13,124	12,493	12,972	12,724	11,916	11,848	12,365
4. New residential construction	2,280	2,264	2,084	2,056	2,171	1,920	2,348	2,532	2,548	2,337
5. New non-residential construction	4,480	5,016	4,672	5,232	4,850	5,128	4,724	4,236	4,592	4,670
6. New machinery and equipment	5,208	5,292	5,552	5,836	5,472	5,924	5,652	5,148	4,708	5,358
7. Value of physical change in inventories	988	1,668	588	516	940	152	148	680	- 80	225
8. Non-farm business inventories	792	1,392	564	360	777	176	208	684	- 312	189
9. Farm inventories and grain in commercial channels(4)	196	276	24	156	163	- 24	- 60	- 4	232	36
10. Exports of goods and services	12,660	12,820	13,276	13,536	13,073	14,468	15,004	14,252	14,708	14,608
11. Deduct: Imports of goods and services ..	13,548	13,996	14,676	14,900	14,280	15,088	15,692	14,988	14,860	15,157
12. Residual error of estimate	- 96	- 276	- 120	- 468	- 240	28	- 172	32	- 144	- 64
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	56,584	57,868	58,340	59,688	58,120	60,836	62,072	62,372	62,992	62,068
<u>Detail of Farm Inventories and GICC</u>										
Value of grain crop production	1,564	1,564	1,564	1,564	1,564	1,212	1,212	1,212	1,216	1,213
Depletions of farm stocks of grain	- 1,224	- 1,372	- 1,612	- 1,404	- 1,403	- 1,280	- 1,476	- 1,460	- 1,156	- 1,343
Change in livestock inventories	- 100	36	48	- 32	- 12	8	72	- 60	4	6
Grain in Commercial Channels	- 44	48	24	28	14	36	132	304	168	160

(1) See footnote 1, Table 2.

(2) For details of defence expenditures, see line 3, Table 16.

(3) See footnote 3, Table 2.

(4) In the seasonally adjusted series, the value of grain production in each quarter is taken as one-fourth of the estimated value of crop production for the year as a whole (see footnote 2, Table 11). All other items in the farm inventories series are seasonally adjusted by standard techniques.

TABLE 13. Source of Personal Income, by Quarters, 1964 and 1965 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	22,744	23,112	23,724	24,152	23,433	25,112	25,736	26,500	27,368	26,179
2. Deduct: Employer and employee contributions to social insurance and government pension funds ..	- 884	- 912	- 924	- 928	- 912	- 980	- 1,020	- 1,048	- 1,060	- 1,027
3. Military pay and allowances	572	576	584	600	583	596	592	600	560	587
4. Net income received by farm operators from farm production(1)	1,572	1,248	1,272	1,320	1,353	2,080	1,244	1,720	1,712	1,689
5. Net income of non-farm unincorporated business	2,644	2,676	2,736	2,824	2,720	2,736	2,872	2,980	2,920	2,877
6. Interest, dividends and net rental income of persons(2) ...	3,748	3,784	3,812	3,852	3,799	4,036	4,048	4,196	4,276	4,139
<u>Transfer payments to persons</u>										
7. From government (excluding interest)	4,080	4,104	4,136	4,212	4,133	4,480	4,496	4,664	4,656	4,574
8. Charitable contributions by corporations	44	44	44	44	44	44	44	44	44	44
9. PERSONAL INCOME	34,520	34,632	35,384	36,076	35,153	38,104	38,012	39,656	40,476	39,062

(1) This item differs from line 6, Table 11, by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.

(2) Includes all government debt interest paid to persons.

TABLE 14. Disposition of Personal Income, by Quarters, 1964 and 1965 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal direct taxes	3,196	3,396	3,500	3,620	3,428	3,676	3,932	3,932	4,112	3,913
2. Income taxes	2,760	2,912	3,036	3,120	2,957	3,176	3,380	3,368	3,496	3,355
3. Succession duties and estate taxes	164	220	148	184	179	168	200	220	260	212
4. Miscellaneous	272	264	316	316	292	332	352	344	356	346
5. Personal expenditure on consumer goods and services	29,000	29,296	29,984	30,384	29,666	30,764	31,664	32,524	33,292	32,061
6. Non-durable goods	14,036	14,252	14,472	14,796	14,389	14,812	15,268	15,588	16,084	15,438
7. Durable goods	3,592	3,524	3,744	3,508	3,592	3,708	3,892	4,224	4,180	4,001
8. Services(1)	11,372	11,520	11,768	12,080	11,685	12,244	12,504	12,712	13,028	12,622
9. Personal net saving	2,324	1,940	1,900	2,072	2,059	3,664	2,416	3,200	3,072	3,088
10. PERSONAL INCOME	34,520	34,632	35,384	36,076	35,153	38,104	38,012	39,656	40,476	39,062
11. (Personal disposable income)(2)	(31,324)	(31,236)	(31,884)	(32,456)	(31,725)	(34,428)	(34,080)	(35,724)	(36,364)	(35,149)

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 13. Source of Personal Income, by Quarters, 1966 and 1967 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	28,548	29,308	29,964	30,824	29,661	31,512	32,140	32,772	33,132	32,389
2. Deduct: Employer and employee contributions to social insurance and government pension funds ..	- 1,548	- 1,872	- 1,964	- 1,988	- 1,843	- 1,972	- 2,028	- 2,132	- 1,992	- 2,031
3. Military pay and allowances	684	568	588	644	621	740	680	692	704	704
4. Net income received by farm operators from farm production(1)	2,044	2,080	2,056	2,012	2,048	2,136	1,732	1,620	1,652	1,785
5. Net income of non-farm unincorporated business	2,936	2,852	3,000	3,008	2,949	2,948	3,176	3,336	3,316	3,194
6. Interest, dividends and net rental income of persons(2) ...	4,420	4,484	4,568	4,672	4,536	4,748	4,848	4,924	5,056	4,894
<u>Transfer payments to persons</u>										
7. From government (excluding interest)	4,760	4,928	5,156	5,344	5,047	5,884	6,236	6,200	6,572	6,223
8. Charitable contributions by corporations	44	44	44	44	44	44	44	44	44	44
9. PERSONAL INCOME	41,888	42,392	43,412	44,560	43,063	46,040	46,828	47,456	48,484	47,202

(1) This item differs from line 6, Table 11, by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.

(2) Includes all government debt interest paid to persons.

TABLE 14. Disposition of Personal Income, by Quarters, 1966 and 1967 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal direct taxes	4,256	4,208	4,604	4,868	4,484	5,532	4,980	5,540	5,920	5,493
2. Income taxes	3,724	3,628	3,984	4,276	3,903	4,948	4,396	4,964	5,308	4,904
3. Succession duties and estate taxes	184	224	264	224	224	216	204	212	228	215
4. Miscellaneous	348	356	356	368	357	368	380	364	384	374
5. Personal expenditure on consumer goods and services	33,956	34,116	35,332	35,988	34,848	36,444	37,388	38,192	38,832	37,714
6. Non-durable goods	16,332	16,740	17,124	17,524	16,930	17,768	18,388	18,844	18,952	18,488
7. Durable goods	4,272	3,828	4,308	4,268	4,169	4,136	4,408	4,544	4,372	4,365
8. Services(1)	13,352	13,548	13,900	14,196	13,749	14,540	14,592	14,804	15,508	14,861
9. Personal net saving	3,676	4,068	3,476	3,704	3,731	4,064	4,460	3,724	3,732	3,995
10. PERSONAL INCOME	41,888	42,392	43,412	44,560	43,063	46,040	46,828	47,456	48,484	47,202
11. (Personal disposable income)(2)	(37,632)	(38,184)	(38,808)	(39,692)	(38,579)	(40,508)	(41,848)	(41,916)	(42,564)	(41,709)

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 15. Government Revenue, by Quarters, 1964 and 1965 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Direct taxes - Persons	3,196	3,396	3,500	3,620	3,428	3,676	3,932	3,932	4,112	3,913
2. Federal	2,412	2,552	2,604	2,664	2,558	2,680	2,784	2,668	2,732	2,716
3. Provincial and municipal	784	844	896	956	870	996	1,148	1,264	1,380	1,197
4. Direct taxes - Corporations	2,044	2,032	2,052	2,084	2,053	2,168	2,196	2,248	2,288	2,225
5. Federal(1)	1,548	1,532	1,540	1,564	1,546	1,640	1,652	1,692	1,716	1,675
6. (Federal tax collections)(1)	(1,416)	(1,744)	(1,540)	(1,720)	(1,605)	(1,604)	(1,836)	(1,660)	(1,760)	(1,715)
7. Provincial	496	500	512	520	507	528	544	556	572	550
8. (Provincial tax collections)	(436)	(532)	(480)	(520)	(492)	(564)	(580)	(536)	(536)	(554)
<u>Withholding taxes</u>										
9. Federal(2)	132	136	140	152	140	164	164	168	176	168
10. Indirect taxes	6,452	6,668	6,796	6,864	6,695	7,220	7,412	7,720	7,904	7,564
11. Federal	2,708	2,840	2,920	2,920	2,847	3,024	3,152	3,360	3,472	3,252
12. Provincial and municipal(3)	3,744	3,828	3,876	3,944	3,848	4,196	4,260	4,360	4,432	4,312
13. Investment income	1,472	1,444	1,556	1,632	1,526	1,588	1,644	1,624	1,828	1,671
14. Federal	564	496	572	648	570	604	616	568	732	630
15. Provincial and municipal	908	948	984	984	956	984	1,028	1,056	1,096	1,041
16. Canada Pension Plan										
17. Employer and employee contributions to social insurance and government pension funds	884	912	924	928	912	980	1,020	1,048	1,060	1,027
18. Federal	560	584	572	580	574	596	620	620	636	618
19. Provincial and municipal	324	328	352	348	338	384	400	428	424	409
20. Canada Pension Plan(4)										
21. Quebec Pension Plan(4)										
<u>Transfers from Federal</u>										
22. Provincial and municipal	1,160	1,272	1,272	1,304	1,252	1,516	1,420	1,308	1,492	1,434
23. TOTAL REVENUE	15,340	15,860	16,240	16,584	16,006	17,312	17,788	18,048	18,860	18,002
24. FEDERAL	7,924	8,140	8,348	8,528	8,235	8,708	8,988	9,076	9,464	9,059
25. PROVINCIAL AND MUNICIPAL	7,416	7,720	7,892	8,056	7,771	8,604	8,800	8,972	9,396	8,943
26. CANADA PENSION PLAN										
27. QUEBEC PENSION PLAN										

(1) "See footnote 1, Table 5."

(2) "See footnote 2, Table 5."

(3) The quarterly figures of real property taxes unadjusted and seasonally adjusted are obtained by dividing annual totals by four since real property taxes accrue uniformly throughout the taxation year. Because in recent years, changes in real property tax rates have been generally upward this treatment gives rise to fictitious seasonal between the fourth and first quarters in the seasonally adjusted indirect taxes series.

(4) Estimates of a normal quarterly pattern have been used to seasonally adjust the contributions to the Canada and Quebec Pension Plans. No precise interpretation can be placed on the quarterly movements of these series until a later date.

TABLE 15. Government Revenue, by Quarters, 1966 and 1967 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Direct taxes - Persons	4,256	4,208	4,604	4,868	4,484	5,532	4,980	5,540	5,920	5,493
2. Federal	2,808	2,732	3,060	3,220	2,955	3,632	3,276	3,588	3,792	3,572
3. Provincial and municipal	1,448	1,476	1,544	1,648	1,529	1,900	1,704	1,952	2,128	1,921
4. Direct taxes - Corporations	2,204	2,312	2,236	2,256	2,252	2,120	2,228	2,224	2,260	2,208
5. Federal(1)	1,668	1,740	1,684	1,692	1,696	1,568	1,648	1,644	1,660	1,630
6. (Federal tax collections)(1)	(1,764)	(1,672)	(1,736)	(1,736)	(1,727)	(1,776)	(1,808)	(1,800)	(1,836)	(1,805)
7. Provincial	536	572	552	564	556	552	580	580	600	578
8. (Provincial tax collections)	(560)	(604)	(556)	(568)	(572)	(584)	(600)	(616)	(648)	(612)
<u>Withholding taxes</u>										
9. Federal(2)	180	196	204	232	203	192	240	220	220	218
10. Indirect taxes	8,276	8,368	8,564	8,656	8,466	9,208	9,224	9,164	9,312	9,227
11. Federal	3,512	3,536	3,608	3,644	3,575	3,820	3,712	3,644	3,652	3,707
12. Provincial and municipal(3)	4,764	4,832	4,956	5,012	4,891	5,388	5,512	5,520	5,660	5,520
13. Investment income	1,736	1,836	1,792	1,888	1,813	1,856	2,144	2,268	2,328	2,149
14. Federal	612	720	636	792	690	612	808	872	908	800
15. Provincial and municipal	1,124	1,116	1,148	1,084	1,118	1,216	1,308	1,356	1,368	1,312
16. Canada Pension Plan			8	12	5	28	28	40	52	37
17. Employer and Employee contributions to social insurance and government pension funds	1,548	1,872	1,964	1,988	1,843	1,972	2,028	2,132	1,992	2,031
18. Federal	640	700	716	704	690	680	716	780	640	704
19. Provincial and municipal	416	428	456	456	439	456	468	496	492	478
20. Canada Pension Plan(4)	372	552	584	616	531	620	620	628	628	624
21. Quebec Pension Plan(4)	120	192	208	212	183	216	224	228	232	225
<u>Transfers from Federal</u>										
22. Provincial and municipal	1,544	1,640	1,644	1,820	1,662	1,752	2,112	2,064	2,040	1,992
23. TOTAL REVENUE	19,744	20,432	21,008	21,708	20,723	22,632	22,956	23,612	24,072	23,318
24. FEDERAL	9,420	9,624	9,908	10,284	9,809	10,504	10,400	10,748	10,872	10,631
25. PROVINCIAL AND MUNICIPAL	9,832	10,064	10,300	10,584	10,195	11,264	11,684	11,968	12,288	11,801
26. CANADA PENSION PLAN	372	552	592	628	536	648	648	668	680	661
27. QUEBEC PENSION PLAN	120	192	208	212	183	216	224	228	232	225

(1) "See footnote 1, Table 5."

(2) "See footnote 2, Table 5."

(3) The quarterly figures of real property taxes unadjusted and seasonally adjusted are obtained by dividing annual totals by four since real property taxes accrue uniformly throughout the taxation year. Because in recent years, changes in real property tax rates have been generally upward this treatment gives rise to fictitious seasonal between the fourth and first quarters in the seasonally adjusted indirect taxes series.

(4) Estimates of a normal quarterly pattern have been used to seasonally adjust the contributions to the Canada and Quebec Pension Plans. No precise interpretation can be placed on the quarterly movements of these series until a later date.

TABLE 16. Government Expenditure, by Quarters, 1964 and 1965 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Goods and services	8,536	8,600	8,552	8,928	8,654	9,244	9,520	9,668	10,024	9,614
2. Federal	3,028	3,052	2,996	3,108	3,046	3,236	3,180	3,368	3,388	3,293
3. (Defence)	(1,620)	(1,616)	(1,512)	(1,588)	(1,584)	(1,616)	(1,532)	(1,588)	(1,500)	(1,559)
4. Provincial and municipal	5,508	5,548	5,556	5,820	5,608	6,008	6,340	6,300	6,636	6,321
5. Transfer payments to persons (excluding interest on the public debt)	4,080	4,104	4,136	4,212	4,133	4,480	4,496	4,664	4,656	4,574
6. Federal	2,196	2,228	2,252	2,280	2,239	2,320	2,336	2,332	2,260	2,312
7. Provincial and municipal	1,884	1,876	1,884	1,932	1,894	2,160	2,160	2,332	2,396	2,262
8. Interest on the public debt	1,488	1,520	1,528	1,568	1,526	1,596	1,636	1,644	1,704	1,645
9. Federal	976	996	992	1,016	995	1,020	1,044	1,048	1,096	1,052
10. Provincial and municipal	512	524	536	552	531	576	592	596	608	593
11. Subsidies	304	272	248	468	323	252	268	280	504	326
12. Federal	260	228	200	420	277	196	208	204	428	259
13. Provincial	44	44	48	48	46	56	60	76	76	67
<u>Capital Assistance(1)</u>										
14. Federal	80	112	88	48	82	80	84	84	88	84
<u>Transfers to other levels of government</u>										
15. Federal	1,160	1,272	1,272	1,304	1,252	1,516	1,420	1,308	1,492	1,434
16. Total expenditure	15,648	15,880	15,824	16,528	15,970	17,168	17,424	17,648	18,468	17,677
17. Federal	7,700	7,888	7,800	8,176	7,891	8,368	8,272	8,344	8,752	8,434
18. Provincial and municipal	7,948	7,992	8,024	8,352	8,079	8,800	9,152	9,304	9,716	9,243
19. Deficit (-) or surplus	- 308	- 20	416	56	36	144	364	400	392	325
20. Federal	224	252	548	352	344	340	716	732	712	625
21. Provincial and municipal	- 532	- 272	- 132	- 296	- 308	- 196	- 352	- 332	- 320	- 300
22. Canada Pension Plan										
23. Quebec Pension Plan										
24. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	15,340	15,860	16,240	16,584	16,006	17,312	17,788	18,048	18,860	18,002
25. FEDERAL	7,924	8,140	8,348	8,528	8,235	8,708	8,988	9,076	9,464	9,059
26. PROVINCIAL AND MUNICIPAL	7,416	7,720	7,892	8,056	7,771	8,604	8,800	8,972	9,396	8,943
27. CANADA PENSION PLAN										
28. QUEBEC PENSION PLAN										

(1) See footnote 1, Table 6.

TABLE 16. Government Expenditure, by Quarters, 1966 and 1967 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Goods and services	10,656	10,964	11,632	11,892	11,286	11,860	12,672	12,288	12,688	12,377
2. Federal	3,700	3,752	3,992	4,236	3,920	4,096	4,472	4,196	4,272	4,259
3. (Defence)	(1,688)	(1,608)	(1,692)	(1,848)	(1,709)	(1,644)	(1,844)	(1,952)	(1,780)	(1,805)
4. Provincial and municipal	6,956	7,212	7,640	7,656	7,366	7,764	8,200	8,092	8,416	8,118
5. Transfer payments to persons (excluding interest on the public debt)	4,760	4,928	5,156	5,344	5,047	5,884	6,236	6,200	6,572	6,223
6. Federal	2,420	2,428	2,516	2,548	2,478	2,772	3,032	2,972	2,968	2,936
7. Provincial and municipal	2,340	2,500	2,640	2,796	2,569	3,112	3,204	3,228	3,604	3,287
8. Interest on the public debt	1,756	1,780	1,820	1,864	1,805	1,844	1,928	2,020	2,136	1,982
9. Federal	1,124	1,128	1,168	1,184	1,151	1,140	1,208	1,280	1,352	1,245
10. Provincial and municipal	632	652	652	680	654	704	720	740	784	737
11. Subsidies	416	456	384	808	516	416	536	540	596	522
12. Federal	252	320	248	680	375	292	436	396	436	390
13. Provincial	164	136	136	128	141	124	100	144	160	132
<u>Capital Assistance(1)</u>										
14. Federal	32	88	56	60	59	52	60	48	100	65
<u>Transfers to other levels of government</u>										
15. Federal	1,544	1,640	1,644	1,820	1,662	1,752	2,112	2,064	2,040	1,992
16. Total expenditure	19,164	19,856	20,692	21,788	20,375	21,808	23,544	23,160	24,132	23,161
17. Federal	9,072	9,356	9,624	10,528	9,645	10,104	11,320	10,956	11,168	10,887
18. Provincial and municipal	10,092	10,500	11,068	11,260	10,730	11,704	12,224	12,204	12,964	12,274
19. Deficit (-) or surplus	580	576	316	- 80	348	824	- 588	452	- 60	157
20. Federal	348	268	284	- 244	164	400	- 920	- 208	- 296	- 256
21. Provincial and municipal	- 260	- 436	- 768	- 676	- 535	- 440	- 540	- 236	- 676	- 473
22. Canada Pension Plan	372	552	592	628	536	648	648	668	680	661
23. Quebec Pension Plan	120	192	208	212	183	216	224	228	232	225
24. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	19,744	20,432	21,008	21,708	20,723	22,632	22,956	23,612	24,072	23,318
25. FEDERAL	9,420	9,624	9,908	10,284	9,809	10,504	10,400	10,748	10,872	10,631
26. PROVINCIAL AND MUNICIPAL	9,832	10,064	10,300	10,584	10,195	11,264	11,684	11,968	12,288	11,801
27. CANADA PENSION PLAN	372	552	592	628	536	648	648	668	680	661
28. QUEBEC PENSION PLAN	120	192	208	212	183	216	224	228	232	225

(1) See footnote 1, Table 6.

TABLE 17. Source of National Saving, by Quarters, 1964 and 1965 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal net saving	2,324	1,940	1,900	2,072	2,059	3,664	2,416	3,200	3,072	3,088
2. Business gross saving	6,616	7,388	7,052	7,284	7,085	6,728	7,808	7,720	7,760	7,504
3. Undistributed corporation profits	1,216	1,328	1,180	1,444	1,292	1,220	1,380	1,448	1,368	1,354
4. Capital consumption allowances and miscellaneous valuation adjustments	5,488	5,520	5,632	5,760	5,600	5,944	6,092	6,128	6,276	6,110
5. Adjustment on grain trans- actions(1)	- 168	428	152	32	111	- 516	252	60	28	- 44
6. Capital assistance	80	112	88	48	82	80	84	84	88	84
7. Inventory valuation adjustment	- 200	- 224	4	- 104	- 131	- 188	- 308	- 340	- 464	- 325
8. Government surplus or deficit (-)	- 308	- 20	416	56	36	144	364	400	392	325
9. Residual error of estimate	56	104	- 12	- 52	24	- 104	- 40	- 176	64	- 64
10. Totals	8,488	9,188	9,360	9,256	9,073	10,244	10,240	10,804	10,824	10,528

(1) This item is an adjustment to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board. See also footnote 1, Table 3.

TABLE 18. Disposition of National Saving, by Quarters, 1964 and 1965 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Business gross fixed capital formation	8,828	9,008	9,068	9,508	9,103	9,848	10,172	11,000	11,584	10,651
2. New residential construction	2,008	1,944	1,996	2,136	2,021	2,052	2,136	2,144	2,164	2,124
3. New non-residential construction	3,220	3,304	3,428	3,480	3,358	3,816	3,728	4,148	4,404	4,024
4. New machinery and equipment	3,600	3,760	3,644	3,892	3,724	3,980	4,308	4,708	5,016	4,503
5. Value of physical change in inventories	364	516	436	228	386	1,288	1,168	728	608	948
6. Surplus or deficit (-) on current account with non-residents	- 644	- 228	- 160	- 536	- 392	- 992	- 1,136	- 1,104	- 1,308	- 1,135
7. Residual error of estimate	- 60	- 108	16	56	- 24	100	36	180	- 60	64
8. Totals	8,488	9,188	9,360	9,256	9,073	10,244	10,240	10,804	10,824	10,528

TABLE 17. Source of National Saving, by Quarters, 1966 and 1967 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal net saving	3,676	4,068	3,476	3,704	3,731	4,064	4,460	3,724	3,732	3,995
2. Business gross saving	8,108	8,096	7,804	7,940	7,987	7,964	8,236	7,976	8,028	8,051
3. Undistributed corporation profits	1,532	1,220	856	988	1,149	1,052	876	1,080	1,284	1,073
4. Capital consumption allowances and miscellaneous valuation adjustments	6,404	6,624	6,696	6,768	6,623	7,000	7,176	6,980	6,844	7,000
5. Adjustment on grain trans- actions(1)	140	164	196	124	156	- 140	124	- 132	- 200	- 87
6. Capital assistance	32	88	56	60	59	52	60	48	100	65
7. Inventory valuation adjustment	- 488	- 232	- 340	- 224	- 321	- 292	- 268	- 228	- 376	- 291
8. Government surplus or deficit (-)	580	576	316	- 80	348	824	- 588	452	- 60	157
9. Residual error of estimate	96	280	120	468	241	- 28	172	- 32	148	65
10. Totals	11,972	12,788	11,376	11,808	11,986	12,532	12,012	11,892	11,472	11,977

(1) This item is an adjustment to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board. See also footnote 1, Table 3.

TABLE 18. Disposition of National Saving, by Quarters, 1966 and 1967 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Business gross fixed capital formation	11,968	12,572	12,308	13,124	12,493	12,972	12,724	11,916	11,848	12,365
2. New residential construction	2,280	2,264	2,084	2,056	2,171	1,920	2,348	2,532	2,548	2,337
3. New non-residential construction	4,480	5,016	4,672	5,232	4,850	5,128	4,724	4,236	4,592	4,670
4. New machinery and equipment	5,208	5,292	5,552	5,836	5,472	5,924	5,652	5,148	4,708	5,358
5. Value of physical change in inventories	988	1,668	588	516	940	152	148	680	- 80	225
6. Surplus or deficit (-) on current account with non-residents	- 888	- 1,176	- 1,400	- 1,364	- 1,207	- 620	- 688	- 736	- 152	- 549
7. Residual error of estimate	- 96	- 276	- 120	- 468	- 240	28	- 172	32	- 144	- 64
8. Totals	11,972	12,788	11,376	11,808	11,986	12,532	12,012	11,892	11,472	11,977

TABLE 19. Relation between Gross National Product at Market Prices and Gross Domestic Product
at Factor Cost, by Quarters, 1964 and 1965
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
1. GROSS NATIONAL PRODUCT AT MARKET PRICES ..	46,024	47,084	47,896	48,568	47,393	50,252	51,424	52,996	54,140	52,203
2. Deduct: Residual error of estimate	- 56	- 104	12	52	- 24	104	40	176	- 64	64
3. Indirect taxes less subsidies ..	- 6,148	- 6,396	- 6,548	- 6,396	- 6,372	- 6,968	- 7,144	- 7,440	- 7,400	- 7,238
4. Income received from non-residents	- 340	- 264	- 292	- 432	- 332	- 328	- 312	- 368	- 280	- 322
5. Add: Income paid to non-residents ...	992	940	1,052	1,056	1,010	1,092	1,068	1,088	1,096	1,086
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	40,472	41,260	42,120	42,848	41,675	44,152	45,076	46,452	47,492	45,793

TABLE 20. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1964 and 1965(1)
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	26,404	26,568	27,076	27,336	26,846	27,584	28,164	28,808	29,288	28,461
2. Non-durable goods	12,968	13,132	13,256	13,580	13,234	13,540	13,792	14,008	14,340	13,920
3. Durable goods	3,576	3,516	3,756	3,492	3,585	3,704	3,892	4,232	4,192	4,005
4. Services	9,860	9,920	10,064	10,264	10,027	10,340	10,480	10,568	10,756	10,536
5. Government expenditure on goods and services	7,220	7,120	6,908	7,204	7,113	7,368	7,468	7,588	7,672	7,524
6. Business gross fixed capital formation ..	7,520	7,536	7,528	7,840	7,606	7,952	8,156	8,824	9,188	8,530
7. New residential construction	1,664	1,592	1,608	1,700	1,641	1,616	1,656	1,656	1,644	1,643
8. New non-residential construction	2,780	2,792	2,864	2,884	2,830	3,092	2,972	3,284	3,436	3,196
9. New machinery and equipment	3,076	3,152	3,056	3,256	3,135	3,244	3,528	3,884	4,108	3,691
10. Change in inventories	332	480	392	212	354	1,252	1,156	720	624	938
11. Non-farm business inventories	468	676	736	64	486	1,080	944	804	668	874
12. Farm inventories and grain in commercial channels	- 136	- 196	- 344	148	- 132	172	212	- 84	- 44	64
13. Exports of goods and services	9,232	9,792	9,788	9,628	9,610	9,700	9,872	10,216	10,604	10,098
(of which merchandise)	(7,300)	(7,892)	(7,860)	(7,564)	(7,654)	(7,708)	(7,856)	(8,116)	(8,604)	(8,071)
14. Deduct: Imports of goods and services ...	- 9,400	- 9,596	- 9,704	- 9,828	- 9,632	-10,248	-10,668	-10,944	-11,492	-10,838
(of which merchandise) (2)	(6,540)	(6,804)	(6,812)	(6,860)	(6,754)	(7,248)	(7,596)	(7,852)	(8,364)	(7,765)
15. Residual error of estimate	- 52	- 96	16	48	- 21	88	32	152	- 52	55
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	41,256	41,804	42,004	42,440	41,876	43,696	44,180	45,364	45,832	44,768

(1) See footnote 1, Table 10.

(2) See footnote 2, Table 10.

TABLE 19. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1966 and 1967
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
1. GROSS NATIONAL PRODUCT AT MARKET PRICES ..	56,584	57,868	58,340	59,688	58,120	60,836	62,072	62,372	62,992	62,068
2. Deduct: Residual error of estimate	- 96	- 280	- 120	- 468	- 241	28	- 172	32	- 148	- 65
3. Indirect taxes less subsidies ..	- 7,860	- 7,912	- 8,180	- 7,848	- 7,950	- 8,792	- 8,688	- 8,624	- 8,716	- 8,705
4. Income received from non-residents	- 340	- 340	- 280	- 332	- 323	- 292	- 228	- 316	- 288	- 281
5. Add: Income paid to non-residents ...	1,052	1,108	1,136	1,244	1,135	1,040	1,180	1,260	1,116	1,149
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	49,340	50,444	50,896	52,284	50,741	52,820	54,164	54,724	54,956	54,166

TABLE 20. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1966 and 1967
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	29,508	29,296	30,256	30,548	29,902	30,788	31,224	31,508	31,788	31,327
2. Non-durable goods	14,296	14,516	14,784	15,052	14,662	15,284	15,708	15,896	15,944	15,708
3. Durable goods	4,312	3,824	4,328	4,240	4,176	4,100	4,308	4,424	4,200	4,258
4. Services	10,900	10,956	11,144	11,256	11,064	11,404	11,208	11,188	11,644	11,361
5. Government expenditure on goods and services	7,948	8,192	8,548	8,652	8,335	8,312	8,932	8,460	8,720	8,606
6. Business gross fixed capital formation ..	9,376	9,732	9,444	9,980	9,633	9,748	9,636	9,036	8,852	9,318
7. New residential construction	1,704	1,672	1,508	1,456	1,585	1,348	1,608	1,720	1,688	1,591
8. New non-residential construction	3,452	3,804	3,500	3,868	3,656	3,732	3,400	3,024	3,244	3,350
9. New machinery and equipment	4,220	4,256	4,436	4,656	4,392	4,668	4,628	4,292	3,920	4,377
10. Change in inventories	1,000	1,568	532	464	891	116	100	556	- 76	174
11. Non-farm business inventories	784	1,284	500	336	726	160	180	572	- 264	162
12. Farm inventories and grain in commercial channels	216	284	32	128	165	- 44	- 80	- 16	188	12
13. Exports of goods and services	11,152	11,212	11,380	11,636	11,345	12,396	12,796	12,148	12,528	12,467
(of which merchandise)	(9,048)	(9,088)	(9,300)	(9,540)	(9,244)	(10,252)	(10,304)	(9,524)	(10,440)	(10,130)
14. Deduct: Imports of goods and services ...	-11,716	-12,044	-12,544	-12,656	-12,240	-12,832	-13,296	-12,720	-12,488	-12,834
(of which merchandise) (2)	(8,564)	(8,848)	(9,172)	(9,260)	(8,961)	(9,624)	(9,868)	(9,604)	(9,332)	(9,607)
15. Residual error of estimate	- 80	- 228	- 96	- 380	- 196	24	- 140	24	- 112	- 51
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	47,188	47,728	47,520	48,244	47,670	48,552	49,252	49,012	49,212	49,007

(1) See footnote 1, Table 10.

(2) See footnote 2, Table 10.

TABLE 21. Implicit Price Indexes - Seasonally Adjusted
Gross National Expenditure, 1964 and 1965(1)
(1957 = 100)

	1964					1965				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	109.8	110.3	110.7	111.2	110.5	111.5	112.4	112.9	113.7	112.7
2. Non-durable goods	108.2	108.5	109.2	109.0	108.7	109.4	110.7	111.3	112.2	110.9
3. Durable goods	100.4	100.2	99.7	100.5	100.2	100.1	100.0	99.8	99.7	99.9
4. Services	115.3	116.1	116.9	117.7	116.5	118.4	119.3	120.3	121.1	119.8
5. Government expenditure on goods and services	118.2	120.8	123.8	123.9	121.7	125.5	127.5	127.4	130.7	127.8
6. Business gross fixed capital formation ..	117.4	119.5	120.5	121.3	119.7	123.8	124.7	124.7	126.1	124.9
7. New residential construction	120.7	122.1	124.1	125.6	123.2	127.0	129.0	129.5	131.6	129.3
8. New non-residential construction	115.8	118.3	119.7	120.7	118.7	123.4	125.4	126.3	128.2	125.9
9. New machinery and equipment	117.0	119.3	119.2	119.5	118.8	122.7	122.1	121.2	122.1	122.0
10. Exports of goods and services	109.4	109.8	110.7	110.5	110.1	110.4	110.8	112.2	112.7	111.6
(merchandise)	107.1	107.5	108.3	107.6	107.6	107.2	107.7	108.9	109.4	108.4
11. Imports of goods and services	114.3	114.4	113.3	113.7	113.9	114.2	113.2	114.8	115.3	114.4
(merchandise) (2)	112.5	112.5	110.6	110.8	111.6	111.4	109.5	111.4	112.0	111.1
12. GROSS NATIONAL EXPENDITURE	111.6	112.6	114.0	114.4	113.2	115.0	116.4	116.8	118.1	116.6

(1) These implicit indexes are currently weighted price indexes. They reflect not only pure price changes, but also changing expenditure patterns within and between major groups. Quarter to quarter comparisons based on the seasonally adjusted data are less subject to the problem of shifting weights than are similar comparisons based on data unadjusted for seasonality, and therefore may be used as indicators of price change.

(2) See footnote 2, Table 10.

TABLE 21. Implicit Price Indexes - Seasonally Adjusted
Gross National Expenditure, 1966 and 1967(1)
(1957 = 100)

	1966					1967				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	115.1	116.5	116.8	117.8	116.5	118.4	119.7	121.2	122.2	120.4
2. Non-durable goods	114.2	115.3	115.8	116.4	115.5	116.3	117.1	118.5	118.9	117.7
3. Durable goods	99.1	100.1	99.5	100.7	99.8	100.9	102.3	102.7	104.1	102.5
4. Services	122.5	123.7	124.7	126.1	124.3	127.5	130.2	132.3	133.2	130.8
5. Government expenditure on goods and services	134.1	133.8	136.1	137.4	135.4	142.7	141.9	145.2	145.5	143.8
6. Business gross fixed capital formation ..	127.6	129.2	130.3	131.5	129.7	133.1	132.0	131.9	133.8	132.7
7. New residential construction	133.8	135.4	138.2	141.2	137.0	142.4	146.0	147.2	150.9	146.9
8. New non-residential construction	129.8	131.9	133.5	135.3	132.7	137.4	138.9	140.1	141.6	139.4
9. New machinery and equipment	123.4	124.3	125.2	125.3	124.6	126.9	122.1	119.9	120.1	122.4
10. Exports of goods and services	113.5	114.3	116.7	116.3	115.2	116.7	117.3	117.3	117.4	117.2
(merchandise)	110.2	110.8	113.2	112.5	111.7	112.7	112.3	111.6	112.8	112.4
11. Imports of goods and services	115.6	116.2	117.0	117.8	116.7	117.6	118.0	117.8	119.0	118.1
(merchandise) (2)	111.8	112.4	112.8	113.9	112.7	113.2	113.3	113.4	114.2	113.5
12. GROSS NATIONAL EXPENDITURE	119.9	121.2	122.8	123.7	121.9	125.3	126.0	127.3	128.0	126.7

(1) These implicit indexes are currently weighted price indexes. They reflect not only pure price changes, but also changing expenditure patterns within and between major groups. Quarter to quarter comparisons based on the seasonally adjusted data are less subject to the problem of shifting weights than are similar comparisons based on data unadjusted for seasonality, and therefore may be used as indicators of price change.

(2) See footnote 2, Table 10.

ANNUAL TABLES

TABLE 22. Business Gross Fixed Capital Formation, by Industry, 1964-1967(1)
(millions of dollars)

	1964	1965	1966	1967
1. Agriculture	836	926	1,043	1,073
2. Fishing and trapping				
3. Forestry				
4. Mining, quarrying, and oil wells	632	735	1,030	1,005
5. Manufacturing	1,831	2,340	2,914	2,516
6. Construction	197	263	249	253
7. Transportation	730	820	970	997
8. Storage				
9. Communication(2)				
10. Electric power, gas and water utilities	892	1,131	1,360	1,485
11. Trade	368	395	468	468
12. Finance, insurance and real estate(3)	2,363	2,551	2,643	2,795
13. Services(4)	740	936	1,157	1,105
14. Totals	9,103	10,651	12,493	12,365

(1) This table is derived from "Private and Public Investment in Canada", DBS 61-205. Additional detail has been provided by the DBS Business Finance Division, and adjustments have been made to bring the data into line with national accounting concepts. See reconciliation statement, Table 23. For an industrial distribution of total private and public investment, see Table 1 in the cited publication.

(2) Excludes investment expenditures by the Canadian Broadcasting Corporation.

(3) Includes all new residential construction, (including government enterprises, but excluding general government). See Table 2.

(4) Excludes government departmental expenditures, federal hospital, provincial hospital and school, and municipal school expenditures, which are included with "Government Expenditure on Goods and Services". Investment expenditure of government business enterprises (railway, power commissions, etc), are included under appropriate industry headings.

TABLE 23. Business Gross Fixed Capital Formation, 1964-1967
Reconciliation Statement
(millions of dollars)

	1964	1965	1966	1967
1. Total private and public investment in Canada(1) ...	10,944	12,865	15,090	15,174
2. Deduct - New residential construction by governments(2)	- 7	- 9	- 10	- 15
3. New non-residential construction by governments	- 1,618	- 1,958	- 2,252	- 2,464
4. New machinery and equipment outlays by governments	- 216	- 247	- 335	- 330
5. Business gross fixed capital formation	9,103	10,651	12,493	12,365

(1) As presented in the publications "Private and Public Investment in Canada", DBS 61-205

(2) General government non-rental housing. Government enterprise housing included under line 5.

TABLE 24. Exports and Imports of Goods and Services, 1964-1967(1)
Reconciliation Statement
(millions of dollars)

	1964	1965	1966	1967
<u>Exports of goods and services</u>				
1. Merchandise exports	8,238	8,745	10,326	11,385
2. Gold production available for export	145	138	125	112
3. Interest and dividends received from non- residents	332	322	323	281
4. Other receipts for services	2,032	2,276	2,567	3,167
5. Sub-total - "Current receipts" as per Canadian Balance of International Payments	10,747	11,481	13,341	14,945
6. Inheritances and immigrants' funds	- 169	- 216	- 268	- 337
7. Total "exports of goods and services" as per National Accounts(2)	10,578	11,265	13,073	14,608
<u>Imports of goods and services</u>				
8. Merchandise imports	7,537	8,627	10,102	10,905
9. Interest and dividends paid to non-residents	1,010	1,086	1,135	1,149
10. Other payments for services	2,624	2,898	3,241	3,316
11. Sub-total - "Current payments" as per Canadian Balance of International Payments	11,171	12,611	14,478	15,370
12. Inheritances and emigrants' funds	- 201	- 211	- 198	- 213
13. Total "imports of goods and services" as per National Accounts(2)	10,970	12,400	14,280	15,157

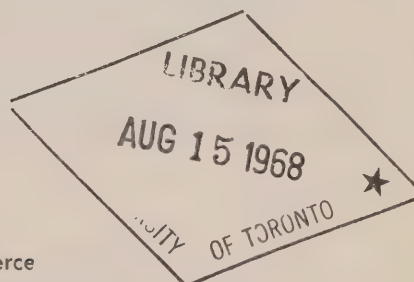
(1) Data sources are the reports "Quarterly Estimates of the Canadian Balance of International Payments", DBS 67-001.

(2) See Table 2.



**NATIONAL ACCOUNTS
INCOME AND EXPENDITURE
FIRST QUARTER 1968**

Published by Authority of
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<u>Catalogue number</u>	<u>Title</u>	<u>Price</u>
13-519	"National Accounts, Income and Expenditure, by Quarters, 1947-61", for the years 1947-58	1.50
13-001	"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1963", for the year 1959 .....	.50
13-001	"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1964", for the year 1960 .....	.50
13-001	"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1965", for the years 1961-63 .....	.50
13-001	"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1967", for the years 1964-6550

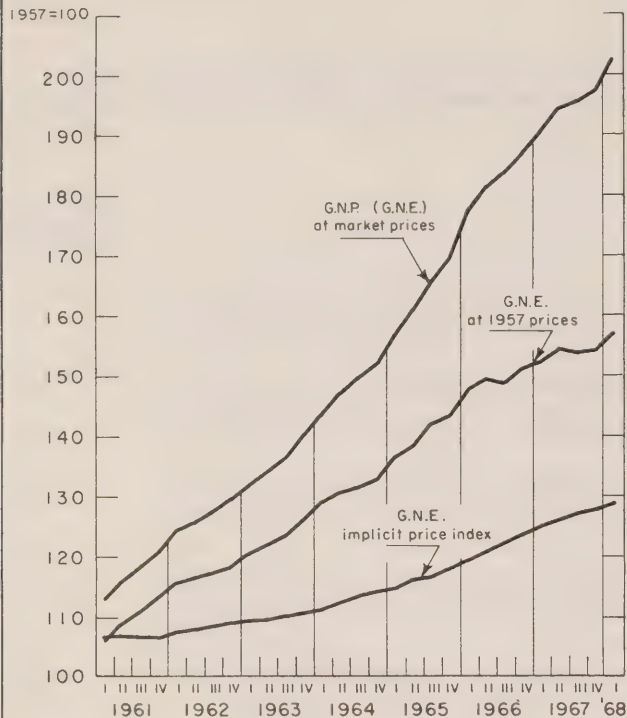
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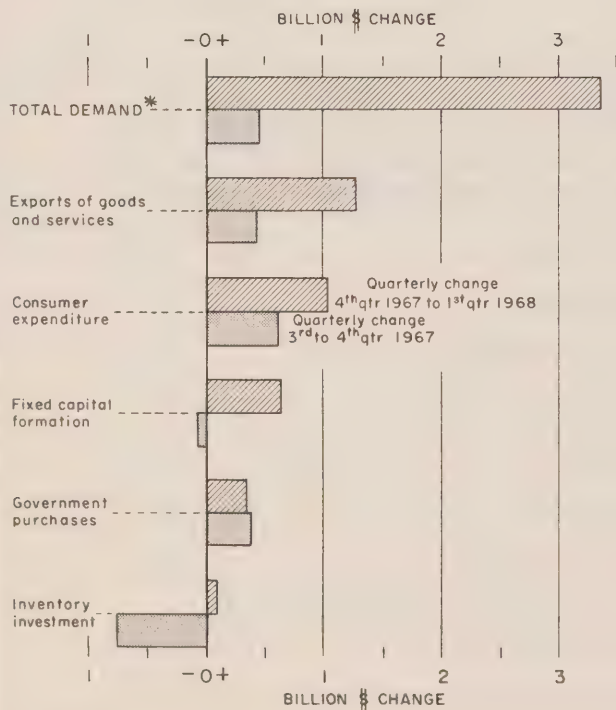
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G.N.P. in the first quarter rose 2.9 per cent at current prices and 2.0 per cent in real terms, the largest quarterly increase in two years.

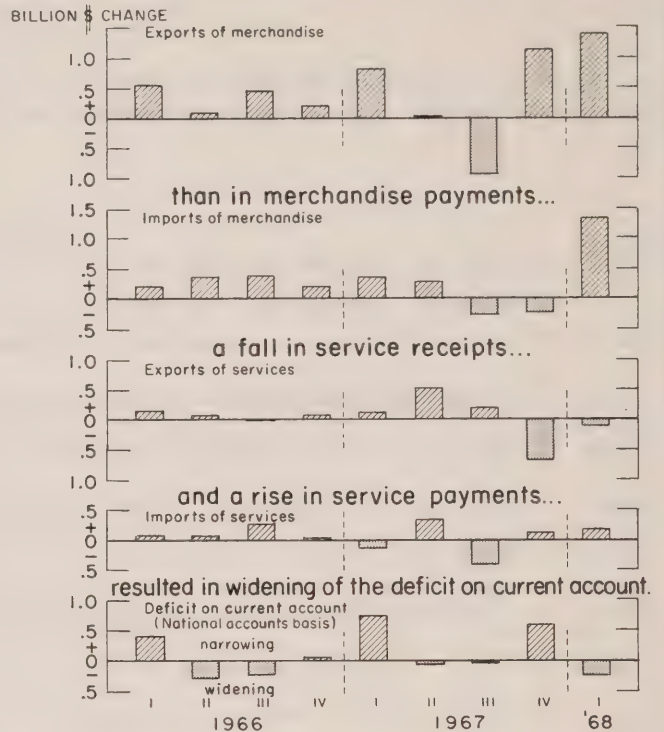


Total demand rose \$3.4 billion, or 4.3 per cent, with all components sharing in the increase.

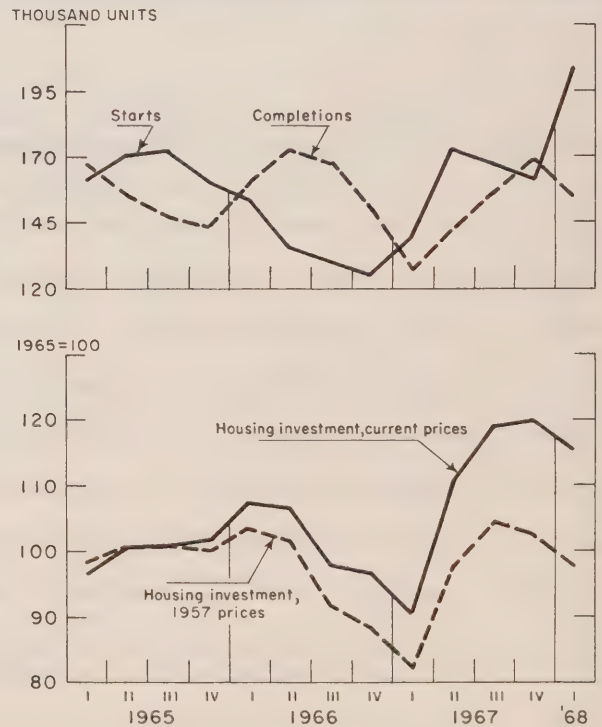


* G.N.P. + Imports

Despite larger first quarter gains in merchandise receipts...



Housing investment dropped in the first quarter reflecting lower fourth quarter starts and first quarter completions; starts soared in the first quarter.



All data seasonally adjusted at annual rates

INTRODUCTORY REVIEW

The long Canadian economic expansion, which began in 1961 and had shown signs of slowing down in the past few quarters, resumed the advance in the first quarter of 1968. Gross National Product⁽¹⁾ increased by 2.9 per cent to a level of \$64.8 billion. After allowing for about a 1 per cent rise in prices, this gain was reduced to 2 per cent in real terms. The advance occurred despite major strikes in the automotive industry.

The increase of over 4 per cent in total final demand provided evidence of a quickening in economic activity. This was reflected in significantly higher exports which were largely attributable to the considerable upsurge in the U.S. economy. The rise of over 3 per cent in Canadian final domestic demand was also unusually high. Noteworthy were the sharp increase in gross fixed capital formation and the marked acceleration in consumer spending. Almost half of the increase in demand was met by foreign supplies, as total imports rose strongly in line with exports.

The percentage increases in total exports and imports of 8.8 and 10.4 per cent respectively were among the largest on record. In addition to the stimulus provided by buoyant economic conditions in the United States, Canadian merchandise exports, especially of motor vehicle parts and of metals, were helped by special strike-oriented factors in that country. A sharp rise in the rate of investment in machinery and equipment contributed to the spurt in imports. In absolute terms the deficit on current account (on a National Accounts basis) remained small relative to recent experience; it rose from \$152 to \$396 million, entirely due to adverse movements in invisibles.

The upturn in gross fixed capital formation was one of the more important developments in the quarter. After declining throughout 1967, business investment in plant and equipment rose by 8 per cent. Most of this increase was in machinery and equipment, but non-residential construction also recorded some advance. Although investment in new residential construction declined after three consecutive rises, it remained nearly 30 per cent higher than it was a year ago. There was an exceptionally large number of starts in the first months of this year.

Expenditures on goods and services by persons and governments, showing increases of 2.7 and 2.8 per cent respectively, contributed substantially to the rise in demand. There was a notable increase in the rate of personal spending; this was mainly attributable to a pick-up in motor vehicle purchases, after a decline in the fourth quarter. The increase in government spending was almost entirely at the federal level.

After a very large liquidation in the fourth quarter, business inventories remained practically unchanged at these lower levels. A large accumulation took place in retail trade, but most of these gains were offset by declines in the stocks held by manufacturing and other industries.

In contrast to final expenditures, where major categories displayed strength, movements among income components were less uniform. Labour income rose by almost 2 per cent, mainly because of higher rates of pay since employment expanded only slightly. Gross corporation profits rose by 2 per cent but, as a result of higher capital cost allowances, net profits remained at the fourth quarter level. There was a large rise in indirect taxes less subsidies, partly due to lower subsidy payments this quarter.

In the last two quarters of 1967, the ratio of personal savings to disposable income had declined from the high levels of over 10 per cent in the first half of last year. The savings ratio was further reduced this quarter from 8.8 to 7.0 per cent. Special factors have influenced personal saving in the current quarter. This year, only a negligible proportion of income tax refunds had been made by the end of March. Also, only about a quarter of the record final payments by the Canadian Wheat Board for the 1966-67 wheat crop was distributed during the quarter in contrast with recent years when final payments were completed during the first quarter. These developments and, to a lesser extent, the imposition at the beginning of the year of a surcharge on personal income limited the increase in personal disposable income.

⁽¹⁾ Includes an estimate of crop production based on acreage intentions and ten-year average yields. On these assumptions the value of the 1968 crop would be \$1.3 billion compared with the 1967 crop of \$1.2 billion. Seasonally adjusted quarterly figures are obtained by dividing the estimated annual crop by four.

Price Movements

Within the price rise of 0.9 per cent of gross national expenditure, personal expenditure, export and import prices registered sharp increases ranging from 1.2 to 1.6 per cent. These were partially offset by lower price increases in gross fixed capital formation, 0.8 per cent, and in government expenditure which rose only marginally.

The very large 1.8 per cent rise in non-durable goods dominated price rises in consumer expenditure. Prices of tobacco and alcoholic beverages, up 5 per cent as a result of changes in excise taxes, were mainly responsible for this increase. The rise in food prices of 1.4 per cent was also very sharp. Within food, fresh fruits, fresh vegetables and eggs rose by more than 8 per cent.

After strong increases in three consecutive quarters, prices of durable goods fell somewhat. There was a reversal in the movement of new car prices, which fell slightly in spite of strong demand this quarter. Jewellery and home furnishings were the only major durable items showing increases.

In services, rents rising by 0.9 per cent continued the large advance evident since the early part of 1966. Prices of transportation and medical care showed substantial rises of more than one per cent.

After allowing for seasonality, both residential and non-residential construction registered lower changes in labour and material costs than have recently been experienced. Prices of new machinery and equipment, after recent declines due to the gradual removal of a federal sales tax in the first half of last year, showed strong increases this quarter. The rise was most apparent in the prices of agricultural machinery.

Most of the increase in merchandise export prices was attributable to a 2.8 per cent rise in fabricated materials. Price rises in lumber, copper, and nickel were especially prominent. Other export categories showed only moderate changes. Among foodstuffs, wheat prices rose somewhat after falling for the last few quarters; within end-products, machinery prices rose by more than one per cent. Prices of crude materials fell slightly.

Seasonally Adjusted Base Weighted Price Indexes
Percentage Change from Previous Quarters

	1966			1967				1968
	II	III	IV	I	II	III	IV	I
Personal expenditure	1.0	0.6	0.9	0.4	1.3	1.3	0.7	1.2
Non-durable goods	1.1	0.5	0.5	-0.1	0.8	1.2	0.4	1.8
Durable goods	0.8	-0.3	1.2	-0.2	1.4	1.0	1.1	-0.2
Total goods	1.1	0.4	0.6	-	0.8	1.2	0.5	1.4
of which: food	1.2	0.7	-0.2	-0.9	-0.6	2.0	0.8	1.4
non-food	0.9	0.2	1.1	0.4	1.6	0.7	0.4	1.4
non-food non-durables	1.1	0.4	1.1	0.6	1.8	0.6	-	2.1
Services, excluding net expenditures abroad ..	1.1	1.0	1.2	1.3	2.1	1.5	0.8	0.9
Government expenditure(1)	1.4	1.7	1.6	2.9	-0.2	1.8	0.6	0.3
Business gross fixed capital formation	1.2	1.2	1.0	1.2	-0.8	-0.2	1.0	0.8
Residential construction	1.5	2.1	2.2	0.9	2.1	1.0	2.5	1.3
Non-residential construction	1.5	1.4	1.3	1.5	1.2	0.7	1.1	0.4
Machinery and equipment	0.7	0.8	0.2	1.0	-3.8	-1.6	0.1	1.2
Exports	0.5	1.6	0.6	0.4	-	0.1	0.6	1.3
of which: merchandise	0.5	1.6	0.4	0.2	-0.4	-0.3	0.4	1.2
Imports(1)	0.6	0.5	0.9	0.2	0.3	0.3	0.8	1.6
Gross National Expenditure (excluding inventories)	1.2	1.2	1.0	1.3	0.5	1.0	0.7	0.9
G.N.E. (implicit price)	1.1	1.3	0.7	1.3	0.6	1.0	0.5	0.9

(1) Quarter-to-quarter changes in this component are not necessarily analytically significant owing to incomplete price data.

The Components of Demand

Personal Expenditure on Consumer Goods and Services

Personal expenditure reached a level of \$39.9 billion, seasonally adjusted at annual rates, an increase of over $2\frac{1}{2}$ per cent as compared with a $1\frac{1}{2}$ per cent rise in the fourth quarter of 1967. All the major aggregates contributed to the rather strong advance, but most prominent was a 5 per cent increase in durables after a 4 per cent decline in the preceding quarter.

Among the components of durable goods, the dominant influence was exerted by new and used car purchases which advanced by 8 per cent after a 7 per cent decline in the fourth quarter. New car outlays advanced by $9\frac{1}{2}$ per cent, while the net value of used car purchases rose by about 1 per cent with increases in both purchases and trade-ins. Non-automotive durable items advanced only slightly, the result of virtually offsetting movements among the components.

With the exception of a fractional decline in expenditures on tobacco and a $4\frac{1}{2}$ per cent decline in expenditures on alcoholic beverages, large increases were recorded in most non-durable components. Food purchases advanced by $3\frac{1}{2}$ per cent after a small decline in the previous quarter, with about two-fifths of the increase representing price rises. Outlays on clothing rose by 5 per cent, with increases in each of the three major sub-components. Expenditures on energy sources for home use also rose sharply -- 6 per cent -- with increases in all components. Gasoline, oil and grease rose by 8 per cent after declining by one per cent in the fourth quarter.

There was some divergence in movement among service components. Small increases were registered in purchased transportation and personal services, while larger increases occurred in household operations, shelter and user-operated transportation. Declines were recorded in recreation and miscellaneous services.

Business Gross Fixed Capital Formation

Business spending on fixed capital formation increased $5\frac{1}{2}$ per cent in the first quarter. The level of \$12.5 billion, for the quarter at annual rates, was close to the intentions of business for the year 1968 as a whole, as reported at the beginning of the year in "Private and Public Investment in Canada, Outlook 1968".

After three consecutive quarters of increase, expenditures for new residential construction dropped \$0.1 billion, or 4 per cent, reflecting the 4 per cent fourth quarter slowdown in housing starts and the $8\frac{1}{2}$ per cent first quarter drop in housing completions; however, the level of outlays was almost 30 per cent above that of a year ago. Assisted by a high level of conventional lending, housing starts showed a sharp increase in the first quarter with a high concentration in multiple units. Building permits for residential structures also turned up strongly.

The value of non-residential construction totalled \$4.7 billion in the first quarter, about $2\frac{1}{2}$ per cent higher than in the fourth quarter 1967. This was the second consecutive rise from the low third quarter level of 1967.

Outlays on machinery and equipment advanced $13\frac{1}{2}$ per cent from the low fourth quarter 1967 to a level of \$5.3 billion. Preliminary estimates suggest the increase in demand resulted in an increased flow of shipments from domestic industries producing non-farm capital goods and in higher imports of non-farm machinery and equipment.

Non-Farm Business Inventories

In the first quarter of 1968 non-farm business inventories showed virtually no change, in contrast to the liquidation of \$312 million which occurred in the previous quarter. Substantial accumulation at the retail level contrasted with continued liquidation in manufacturing and other industries.

The following table shows the value of physical change in non-farm business inventories in the fourth quarter of 1967 and the first quarter of 1968, by industry:

Change in Non-Farm Business Inventories
(Seasonally Adjusted at Annual Rates)

	4Q 1967	1Q 1968
	(millions of dollars)	
Manufacturing	-248	-136
Durables	-176	-116
Non-durables	-72	-20
Wholesale trade	40	24
Retail trade	-	236
"Other" industries	-104	-128
Grand total	-312	-4

In manufacturing, the previous quarter's liquidation continued but at reduced rates in the stocks of both durables and non-durables. Most of the liquidation occurred in the stocks of durable goods, particularly in wood, furniture, primary metal, metal fabricating, and machinery industries. Among non-durables there were widely divergent movements. Substantial accumulation in tobacco and chemicals-producing industries was more than offset by sharp liquidation in the stocks of food, clothing, paper and petroleum-producing industries. By stages of production, the stocks of raw materials and goods-in-process increased slightly, whereas the stocks of finished goods showed a decline. The stock-to-shipments ratio for manufacturing as a whole was higher than that of the previous quarter.

Slight accumulation was recorded in the stocks of wholesale traders. Divergent movements were evident both in durable and non-durable lines. On balance, accumulation was shown in both, although the major part of this increase was accounted for by the stocks of non-durable goods. The stock-to-sales ratio for the quarter was much higher than that of the previous quarter.

Stocks of retail traders rose steeply in the quarter. This resulted from widespread accumulation in non-durables, in contrast to considerable liquidation in the fourth quarter. There was nominal accumulation in durables, as motor vehicle dealers shifted from sizeable accumulation to a slight depletion, thus offsetting an increased investment in other durable items. The stock-to-sales ratio was a little lower than that of the previous quarter.

Exports and Imports of Goods and Services

With exports of goods and services rising by nearly 9 per cent and imports by about 10½ per cent, the total deficit on external account increased by \$244 million. This net change in the overall balance reflected an improvement of \$44 million in merchandise and a deterioration by \$288 million in non-merchandise trade.

Exports of goods rose almost 12 per cent from the high fourth quarter 1967 level. Over half of the export gains were made in American markets, stimulated by accelerating economic activity, and strike-oriented purchasing. The large first quarter increase was reflected in larger Canadian domestic exports of wheat, motor vehicle parts, copper, aluminum, alcoholic beverages, asbestos, lumber, newsprint, farm and non-farm machinery. Domestic exports were lower than fourth quarter levels for fish, tobacco, iron ore, crude petroleum, nickel, crude animal and vegetable products, and motor vehicles.

Imports of goods, which had been declining in the latter half of 1967, increased 12½ per cent in the first quarter. Over half of the increase came from the U.S. The pick-up in the machinery investment program was a contributing factor.

The deterioration of \$288 million in services resulted from a swing from a positive to negative balance in tourist and travel transactions, together with larger deficits on interest and dividends and freight and shipping services, offset in part by an improvement in the net payments for miscellaneous current transactions.

Exports and Imports of Goods and Services
(Seasonally Adjusted, Annual Rates, Millions of Dollars)

	<u>Goods</u>			<u>Services</u>			<u>Current Balance</u>
	Exports	Imports	Net	Exports	Imports	Net	
1966 - 4th quarter	10,732	10,544	188	2,804	4,356	-1,552	-1,364
1967 - 1st quarter	11,556	10,896	660	2,912	4,192	-1,280	-620
2nd quarter	11,576	11,176	400	3,428	4,516	-1,088	-688
3rd quarter	10,628	10,892	-264	3,624	4,096	-472	-736
4th quarter	11,780	10,656	1,124	2,928	4,204	-1,276	-152
1968 - 1st quarter	13,180	12,012	1,168	2,824	4,388	-1,564	-396
Per cent change, 4 Q, 1967 to 1Q, 1968	11.9	12.7		-3.6	4.4		

The Government Sector

Total revenues of all governments combined (excluding intergovernmental transfers) rose by \$976 million to \$23 billion. The largest increase occurred in personal direct taxes, which rose by \$492 million, or over 8 per cent. This rise was almost entirely concentrated at the federal level, which rose partly because of the imposition by the federal government of a surcharge on personal income, and partly because of lower refunds, a result of delays in the processing of the 1967 income tax returns. Corporation direct taxes also rose, by the smaller margin of 4 per cent.

Indirect taxes rose by \$388 million, or 4 per cent. This increase came mainly at the provincial-municipal level, where property taxes rose by about 10 per cent.

Investment income declined sharply at the federal level, mainly because of a large fall in trading profits; the slight rise at the provincial-municipal level was not enough to offset this fall.

Total expenditures excluding intergovernmental transfers rose by \$196 million to \$22,288 million. Expenditures on goods and services rose by \$360 million with almost all of it concentrated at the federal level, provincial-municipal expenditures were virtually unchanged. Within the latter, however, the municipal expenditures declined because of a fall in capital spending, while the provincial outlays rose.

Transfer payments to persons moved up at the federal level, due mainly to higher Old Age Security Fund payments caused by the further reduction in the age limit, but declined slightly at the provincial-municipal level.

Subsidies fell sharply, largely because of smaller payments to the railways in the quarter.

Transfer payments from the federal government to the provincial and municipal governments rose by \$292 million, because of higher technical and vocational training payments and Canada Assistance Plan payments.

With total revenues of all governments combined (including the Canada and Quebec Pension Plans) rising by almost $4\frac{1}{2}$ per cent and total expenditures rising less sharply, by about 1 per cent, the government sector moved from a deficit, on a National Accounts basis, seasonally adjusted at annual rates, of \$60 million in the fourth quarter 1967 to a surplus of \$720 million in the first quarter of 1968. Most of the change came at the provincial-municipal level; at the federal level there was some narrowing of the deficit.

Components of Income

Labour Income

During the first quarter of 1968, total labour income (seasonally adjusted) increased by about 2 per cent. This was almost double the increase recorded during the fourth quarter of 1967, and about equal to the increase recorded during the second and third quarters of 1967.

Wages and salaries in the service-producing industries increased by 2.5 per cent. This increase, which represents about 60 per cent of the total gain, was larger than that in the fourth quarter of 1967, but was slightly lower than the advances in the second and third quarters of 1967. All components showed increases ranging from 2 per cent to 2.5 per cent, except government non-military which rose by over 3 per cent.

A 1 per cent gain was recorded in the goods-producing industries, where wages and salaries increased at a faster rate than during the last three quarters. Labour income in manufacturing increased by over 0.5 per cent in spite of labour disputes, which affected this group to a greater degree in the first quarter of 1968 than during any quarter of 1967.

After three successive declines during the last three quarters of 1967, the construction industry advanced by 2.5 per cent. The primary industries registered a second consecutive advance of one per cent after a decline in the third quarter of 1967.

Investment Income

Net corporation profits held virtually steady in the first quarter of 1968. Profits before capital consumption allowances rose just over 2 per cent, but a 6 per cent increase in capital consumption allowances resulted in no gain in net profits.

Considerable strength emerged in some industries. Net profits rose 5 per cent in mining, 17 per cent in utilities, 7 per cent in wholesale trade, and 15 per cent in retail trade. Profits in manufacturing edged up fractionally, and held flat in the service industry. Declines of 19 per cent and 6 per cent respectively occurred in transportation, storage and communication, and in the finance industry.

Within the manufacturing group, widely divergent movements were registered. Substantial gains were made in the food and beverage, wood and paper industries, with a more moderate advance in non-metallic minerals. Sizeable profit declines occurred in the metal, electrical products, and petroleum and coal industries, with lesser decreases in the rubber and textile industries.

Seasonally adjusted rent, interest and miscellaneous investment income rose by one half of one per cent from the fourth quarter of 1967. Government investment income declined by \$120 million, as a result of lower trading profits of federal government enterprises.

Accrued Net Income of Farm Operators

Accrued net income of farm operators rose to \$1,656 million, 14 per cent above the previous quarter, almost entirely due to a sharp increase in the seasonally adjusted value of grain production. The rise in grain production resulted from higher profits of the Canadian Wheat Board, reflecting increased grain exports from the very low rates of the fourth quarter, and from an 8 per cent increase in the estimated value of the 1968 grain crop.

Net Income of Non-Farm Unincorporated Business

Net income of non-farm unincorporated business declined 1.3 per cent to \$3,272 million. A decline in net income from construction was mainly responsible for the change. Partially offsetting this movement were marginal gains in retail trade and services.

Real Domestic Product by Industry(1)

Real domestic product, including agriculture(2), rose by 1.0 per cent in the first quarter. Agriculture accounted for over 50 per cent of the total increase, rising by 13 per cent. Transportation, storage and communication increased by one per cent, while electric power, gas and water utilities rose by 3 per cent. Manufacturing and trade fell fractionally, the latter because a drop in wholesale trade offset the increase in retail trade. Both manufacturing and wholesale trade were affected by labour disputes in the motor vehicle and the motor vehicle parts industries.

(1) Based on the 1960 Standard Industrial Classification and on a 1961 weight and reference base. These revised R.D.P. data will be released shortly in Occasional Paper 61-506, "Indexes of Real Domestic Product by Industry - 1961 Base".

(2) Agriculture is now computed on a net basis, thus permitting its inclusion in the aggregate on a quarterly basis.

TABLES UNADJUSTED FOR SEASONAL VARIATION

TABLE 1. National Income and Gross National Product, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income ..	7,629	8,076	8,369	8,315	32,389	8,201		
2. Military pay and allowances	183	172	173	176	704	173		
3. Corporation profits before taxes	1,016	1,354	1,270	1,380	5,020	1,120		
4. Deduct: Dividends paid to non-residents(1)	- 153	- 153	- 174	- 275	- 755	- 192		
5. Rent, interest, and miscellaneous investment income	979	1,055	1,090	1,215	4,339	1,124		
6. Accrued net income of farm operators from farm production(2)	148	215	1,211	124	1,698	56		
7. Net income of non-farm unincorporated business(3)	626	776	820	972	3,194	691		
8. Inventory valuation adjustment(4)	- 79	- 85	- 33	- 94	- 291	- 81		
9. NET NATIONAL INCOME AT FACTOR COST	10,349	11,410	12,726	11,813	46,298	11,092		
10. Indirect taxes less subsidies	2,168	2,163	2,164	2,210	8,705	2,300		
11. Capital consumption allowances and miscellaneous valuation adjustments	1,695	1,852	1,718	1,735	7,000	1,769		
12. Residual error of estimate	- 168	44	56	133	65	- 144		
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	14,044	15,469	16,664	15,891	62,068	15,017		
14. (Gross national product at market prices excluding accrued net income of farm operators)	(13,896)	(15,254)	(15,453)	(15,767)	(60,370)	(14,961)		

(1) Includes the withholding tax applicable to this item.

(2) Includes change in farm inventories as shown in line 11, Table 4. An adjustment has been made to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board.

(3) Includes net income of independent professional practitioners.

(4) See footnote 4, Table 2.

TABLE 2. Gross National Expenditure, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	8,678	9,369	9,224	10,443	37,714	9,471		
2. Government expenditure on goods and services(1, 2)	2,736	3,157	3,341	3,143	12,377	3,001		
3. Business gross fixed capital formation(3)	2,864	3,412	3,006	3,083	12,365	2,751		
4. New residential construction	405	597	663	672	2,337	526		
5. New non-residential construction	1,021	1,187	1,187	1,275	4,670	929		
6. New machinery and equipment	1,438	1,628	1,156	1,136	5,358	1,296		
7. Value of physical change in inventories(4)	- 67	- 129	966	- 545	225	- 112		
8. Non-farm business inventories	248	- 5	105	- 159	189	204		
9. Farm inventories and grain in commercial channels	- 315	- 124	861	- 386	36	- 316		
10. Exports of goods and services	3,151	3,842	3,878	3,737	14,608	3,544		
11. Deduct: Imports of goods and services	- 3,485	- 4,139	- 3,695	- 3,838	-15,157	- 3,783		
12. Residual error of estimate	167	- 43	- 56	- 132	- 64	145		
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	14,044	15,469	16,664	15,891	62,068	15,017		

(1) Includes outlays on new durable assets such as building and highway construction by governments, other than government business enterprises. Also includes net purchases of government commodity agencies.

(2) For details of defence expenditures see line 3, Table 6.

(3) Includes capital expenditures by private and government business enterprises, private non-commercial institutions, and outlays on new residential construction by individuals and business investors.

(4) The book value of inventories is deflated to remove the effect of price changes and the derived "physical" change is then valued at average prices of the current period to obtain the value of physical change. The difference between this value of physical change and the change in book value is called the inventory valuation adjustment. (See line 8, Table 1).

TABLE 3. Source of Personal Income, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income	7,629	8,076	8,369	8,315	32,389	8,201		
2. Deduct: Employer and employee contributions to social insurance and government pension funds	- 491	- 533	- 556	- 451	- 2,031	- 540		
3. Military pay and allowances	183	172	173	176	704	173		
4. Net income received by farm operators from farm production(1)	400	121	1,161	103	1,785	157		
5. Net income of non-farm unincorporated business	626	776	820	972	3,194	691		
6. Interest, dividends, and net rental income of persons(2)	1,173	1,211	1,211	1,299	4,894	1,255		
Transfer payments to persons:								
7. From government (excluding interest)	1,588	1,533	1,489	1,613	6,223	1,786		
8. Charitable contributions by corporations	11	11	11	11	44	11		
9. PERSONAL INCOME	11,119	11,367	12,678	12,038	47,202	11,734		

(1) This item differs from line 6, Table 1, by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.

(2) Includes all government debt interest paid to persons.

TABLE 4. Disposition of Personal Income, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Personal direct taxes	1,398	1,309	1,347	1,439	5,493	1,661		
2. Income taxes	1,213	1,167	1,224	1,300	4,904	1,464		
3. Succession duties and estate taxes	54	51	53	57	215	60		
4. Miscellaneous	131	91	70	82	374	137		
5. Personal expenditure on consumer goods and services ..	8,678	9,369	9,224	10,443	37,714	9,471		
6. Non-durable goods	4,090	4,415	4,665	5,318	18,488	4,455		
7. Durable goods	921	1,225	990	1,229	4,365	1,029		
8. Services(1)	3,667	3,729	3,569	3,896	14,861	3,987		
9. Personal net saving	1,043	689	2,107	156	3,995	602		
10. Personal saving excluding change in farm inventories ..	1,328	809	1,363	619	4,119	918		
11. Value of physical change in farm inventories	- 285	- 120	744	- 463	- 124	- 316		
12. PERSONAL INCOME	11,119	11,367	12,678	12,038	47,202	11,734		
13. (Personal disposable income)(2)	(9,721)	(10,058)	(11,331)	(10,599)	(41,709)	(10,073)		

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 5. Government Revenue, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Direct taxes - Persons	1,398	1,309	1,347	1,439	5,493	1,661		
2. Federal	859	896	881	936	3,572	1,037		
3. Provincial and municipal	539	413	466	503	1,921	624		
4. Direct taxes - Corporations	441	604	555	608	2,208	488		
5. Federal(1)	325	446	410	449	1,630	360		
6. (Federal tax collections)(1)	(400)	(569)	(423)	(413)	(1,805)	(406)		
7. Provincial	116	158	145	159	578	128		
8. (Provincial tax collections)	(149)	(160)	(162)	(141)	(612)	(173)		
Withholding taxes:								
9. Federal(2)	41	66	37	74	218	44		
10. Indirect taxes	2,255	2,275	2,330	2,367	9,227	2,395		
11. Federal	879	942	921	965	3,707	855		
12. Provincial and municipal	1,376	1,333	1,409	1,402	5,520	1,540		
13. Investment income	440	523	546	640	2,149	528		
14. Federal	126	210	215	249	800	165		
15. Provincial and municipal	307	306	321	378	1,312	349		
16. Canada Pension Plan	7	7	10	13	37	14		
17. Employer and employee contributions to social insurance and government pension funds	491	533	556	451	2,031	540		
18. Federal	172	173	198	161	704	191		
19. Provincial and municipal	114	117	124	123	478	121		
20. Canada Pension Plan	152	179	172	121	624	168		
21. Quebec Pension Plan	53	64	62	46	225	60		
Transfers from Federal:								
22. Provincial and municipal	446	538	495	513	1,992	596		
23. TOTAL REVENUE	5,512	5,848	5,866	6,092	23,318	6,252		
24. FEDERAL	2,402	2,733	2,662	2,834	10,631	2,652		
25. PROVINCIAL AND MUNICIPAL	2,898	2,865	2,960	3,078	11,801	3,358		
26. CANADA PENSION PLAN	159	186	182	134	661	182		
27. QUEBEC PENSION PLAN	53	64	62	46	225	60		

(1) Excludes refundable tax on corporate cash profits introduced May, 1966. In 1967 the following amounts were collected: first quarter \$64 million, second quarter \$27 million, third quarter \$10 million and fourth quarter \$8 million. Refunds were begun in the first quarter of 1968 and exceeded collections by \$3 million.

(2) Beginning in 1962, the withholding tax series has been adjusted to conform more closely with the flow of interest and dividends to non-residents.

TABLE 6. Government Expenditure, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Goods and services	2,736	3,157	3,341	3,143	12,377	3,001		
2. Federal	1,034	1,084	1,112	1,029	4,259	1,176		
3. (Defence)	(470)	(426)	(471)	(438)	(1,805)	(489)		
4. Provincial and municipal	1,702	2,073	2,229	2,114	8,118	1,825		
5. Transfer payments to persons (excluding interest on the public debt)	1,588	1,533	1,489	1,613	6,223	1,786		
6. Federal	771	778	686	701	2,936	860		
7. Provincial and municipal	817	755	803	912	3,287	926		
8. Interest on the public debt	438	525	474	545	1,982	476		
9. Federal	283	314	320	328	1,245	305		
10. Provincial and municipal	155	211	154	217	737	171		
11. Subsidies	87	112	166	157	522	95		
12. Federal	61	99	110	120	390	68		
13. Provincial	26	13	56	37	132	27		
Capital Assistance: (1)								
14. Federal	13	15	12	25	65	20		
Transfers to other levels of government:								
15. Federal	446	538	495	513	1,992	596		
16. Total expenditure	5,308	5,880	5,977	5,996	23,161	5,974		
17. Federal	2,608	2,828	2,735	2,716	10,887	3,025		
18. Provincial and municipal	2,700	3,052	3,242	3,280	12,274	2,949		
19. Deficit (-) or Surplus	204	- 32	- 111	96	157	278		
20. Federal	- 206	- 95	- 73	118	- 256	- 373		
21. Provincial and municipal	198	- 187	- 282	- 202	- 473	409		
22. Canada Pension Plan	159	186	182	134	661	182		
23. Quebec Pension Plan	53	64	62	46	225	60		
24. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	5,512	5,848	5,866	6,092	23,318	6,252		
25. FEDERAL	2,402	2,733	2,662	2,834	10,631	2,652		
26. PROVINCIAL AND MUNICIPAL	2,898	2,865	2,960	3,078	11,801	3,358		
27. CANADA PENSION PLAN	159	186	182	134	661	182		
28. QUEBEC PENSION PLAN	53	64	62	46	225	60		

(1) From 1961 on, this item is treated as government current expenditure; prior to 1961, it was treated as capital transfer.

TABLE 7. Source of National Saving, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Personal net saving	1,043	689	2,107	156	3,995	602		
2. Business gross saving	1,630	2,327	2,080	2,014	8,051	1,890		
3. Undistributed corporation profits	174	366	300	233	1,073	202		
4. Capital consumption allowances and miscellaneous valuation adjustments	1,695	1,852	1,718	1,735	7,000	1,769		
5. Adjustment on grain transactions(1)	- 252	94	50	21	- 87	- 101		
6. Capital assistance	13	15	12	25	65	20		
7. Inventory valuation adjustment	- 79	- 85	- 33	- 94	- 291	- 81		
8. Government surplus or deficit (-)	204	- 32	- 111	96	157	278		
9. Residual error of estimate	- 168	44	56	133	65	- 144		
10. Totals	2,630	2,943	4,099	2,305	11,977	2,545		

(1) This item is an adjustment to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board. See also footnote 1, Table 3.

TABLE 8. Disposition of National Saving, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Business gross fixed capital formation	2,864	3,412	3,006	3,083	12,365	2,751		
2. New residential construction	405	597	663	672	2,337	526		
3. New non-residential construction	1,021	1,187	1,187	1,275	4,670	929		
4. New machinery and equipment	1,438	1,628	1,156	1,136	5,358	1,296		
5. Value of physical change in inventories	- 67	- 129	966	- 545	225	- 112		
6. Surplus or deficit (-) on current account with non-residents	- 334	- 297	183	- 101	- 549	- 239		
7. Residual error of estimate	167	- 43	- 56	- 132	- 64	145		
8. Totals	2,630	2,943	4,099	2,305	11,977	2,545		

TABLE 9. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1967 and 1968 (millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. GROSS NATIONAL PRODUCT AT MARKET PRICES ..	14,044	15,469	16,664	15,891	62,068	15,017		
2. Deduct: Residual error of estimate	168	- 44	- 56	- 133	- 65	144		
3. Indirect taxes less subsidies ..	- 2,168	- 2,163	- 2,164	- 2,210	- 8,705	- 2,300		
4. Income received from non-residents	- 62	- 54	- 63	- 102	- 281	- 68		
5. Add: Income paid to non-residents ...	242	269	263	375	1,149	295		
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	12,224	13,477	14,644	13,821	54,166	13,088		

TABLE 10. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1967 and 1968(1) (millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	7,344	7,830	7,579	8,574	31,327	7,693		
2. Non-durable goods	3,555	3,767	3,906	4,480	15,708	3,728		
3. Durable goods	917	1,205	967	1,169	4,258	999		
4. Services	2,872	2,858	2,706	2,925	11,361	2,966		
5. Government expenditure on goods and services	1,857	2,219	2,386	2,144	8,606	1,947		
6. Business gross fixed capital formation ..	2,156	2,590	2,271	2,301	9,318	2,060		
7. New residential construction	285	409	450	447	1,591	345		
8. New non-residential construction	740	851	854	905	3,350	650		
9. New machinery and equipment	1,131	1,330	967	949	4,377	1,065		
10. Change in inventories	- 27	- 187	819	- 431	174	- 81		
11. Non-farm business inventories	229	8	38	- 113	162	174		
12. Farm inventories and grain in commercial channels	- 256	- 195	781	- 318	12	- 255		
13. Exports of goods and services	2,714	3,281	3,273	3,199	12,467	2,996		
(of which merchandise)	(2,321)	(2,680)	(2,418)	(2,711)	(10,130)	(2,632)		
14. Deduct: Imports of goods and services ...	- 2,956	- 3,505	- 3,126	- 3,247	- 12,834	- 3,132		
(of which merchandise) (2)	(2,210)	(2,653)	(2,315)	(2,429)	(9,607)	(2,389)		
15. Residual error of estimate	133	- 35	- 45	- 104	- 51	112		
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	11,221	12,193	13,157	12,436	49,007	11,595		

(1) The implicit price deflators of the seasonally unadjusted components of Gross National Expenditure, derived by dividing the value figures in Table 2 by the constant dollar figures in Table 10, are not suitable as indicators of quarter-to-quarter price change. This is because they are currently weighted and therefore are affected by compositional shifts which occur within the unadjusted components of Gross National Expenditure, on a quarter-to-quarter basis. Quarter-to-quarter comparisons based on seasonally adjusted data are less subject to the problem of shifting weights and may be used as a measure of price change.

(2) The statistical basis for deflating merchandise imports is subject to a significant margin of error.

TABLES ADJUSTED FOR SEASONAL VARIATION AND AT ANNUAL RATES

TABLE 11. National Income and Gross National Product, by Quarters, 1967 and 1968 Seasonally Adjusted at Annual Rates (millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income	31,512	32,140	32,772	33,132	32,389	33,756		
2. Military pay and allowances	740	680	692	704	704	700		
3. Corporation profits before taxes	4,796	4,900	5,148	5,236	5,020	5,232		
4. Deduct: Dividends paid to non-residents(1)	- 640	- 808	- 852	- 720	- 755	- 828		
5. Rent, interest, and miscellaneous investment income	4,012	4,360	4,444	4,540	4,339	4,572		
6. Accrued net income of farm operators from farm production(2)	1,996	1,856	1,488	1,452	1,698	1,656		
7. Net income of non-farm unincorporated business(3)	2,948	3,176	3,336	3,316	3,194	3,272		
8. Inventory valuation adjustment	- 292	- 268	- 228	- 376	- 291	- 300		
9. NET NATIONAL INCOME AT FACTOR COST	45,072	46,036	46,800	47,284	46,298	48,060		
10. Indirect taxes less subsidies	8,792	8,688	8,624	8,716	8,705	9,260		
11. Capital consumption allowances and miscellaneous valuation adjustments	7,000	7,176	6,980	6,844	7,000	7,288		
12. Residual error of estimate	- 28	172	- 32	148	65	220		
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	60,836	62,072	62,372	62,992	62,068	64,828		
14. (Gross national product at market prices excluding accrued net income of farm operators)	(58,840)	(60,216)	(60,884)	(61,540)	(60,370)	(63,172)		

(1) See footnote 1, Table 1.

(2) Includes an arbitrary smoothing of crop production and standard seasonal adjustments for withdrawals of grain from farm stocks and the change in livestock items. Because of the arbitrary elements, too precise an interpretation should not be given the seasonally adjusted figures of accrued net income of farm operators.

(3) Includes net income of independent professional practitioners.

TABLE 12. Gross National Expenditure, by Quarters, 1967 and 1968 Seasonally Adjusted at Annual Rates (million of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	36,444	37,388	38,192	38,832	37,714	39,876		
2. Government expenditure on goods and services(1, 2)	11,860	12,672	12,288	12,688	12,377	13,048		
3. Business gross fixed capital formation(3)	12,972	12,724	11,916	11,848	12,365	12,492		
4. New residential construction	1,920	2,348	2,532	2,548	2,337	2,448		
5. New non-residential construction	5,128	4,724	4,236	4,592	4,670	4,700		
6. New machinery and equipment	5,924	5,652	5,148	4,708	5,358	5,344		
7. Value of physical change in inventories	152	148	680	- 80	225	28		
8. Non-farm business inventories	176	208	684	- 312	189	- 4		
9. Farm inventories and grain in commercial channels(4)	- 24	- 60	- 4	232	36	32		
10. Exports of goods and services	14,468	15,004	14,252	14,708	14,608	16,004		
11. Deduct: Imports of goods and services	-15,088	-15,692	-14,988	-14,860	-15,157	-16,400		
12. Residual error of estimate	28	- 172	32	- 144	- 64	- 220		
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	60,836	62,072	62,372	62,992	62,068	64,828		
Detail of Farm Inventories and GICC:								
Value of grain crop production	1,212	1,212	1,212	1,216	1,213	1,308		
Depletions of farm stocks of grain	- 1,280	- 1,476	- 1,460	- 1,156	- 1,343	- 1,440		
Change in livestock inventories	8	72	- 60	4	6	- 20		
Grain in commercial channels	36	132	304	168	160	184		

(1) See footnote 1, Table 2.

(2) For details of defence expenditures, see line 3, Table 16.

(3) See footnote 3, Table 2.

(4) In the seasonally adjusted series, the value of grain production in each quarter is taken as one-fourth of the estimated value of crop production for the year as a whole (see footnote 2, Table 11). All other items in the farm inventories series are seasonally adjusted by standard techniques.

TABLE 13. Source of Personal Income, by Quarters, 1967 and 1968 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income	31,512	32,140	32,772	33,132	32,389	33,756		
2. Deduct: Employer and employee contributions to social insurance and government pension funds	- 1,972	- 2,028	- 2,132	- 1,992	- 2,031	- 2,120		
3. Military pay and allowances	740	680	692	704	704	700		
4. Net income received by farm operators from farm production(1)	2,136	1,732	1,620	1,652	1,785	1,884		
5. Net income of non-farm unincorporated business	2,948	3,176	3,336	3,316	3,194	3,272		
6. Interest, dividends, and net rental income of persons(2)	4,748	4,848	4,924	5,056	4,894	5,084		
Transfer payments to persons:								
7. From government (excluding interest)	5,884	6,236	6,200	6,572	6,223	6,684		
8. Charitable contributions by corporations	44	44	44	44	44	44		
9. PERSONAL INCOME	46,040	46,828	47,456	48,484	47,202	49,304		

(1) This item differs from line 6, Table 11, by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.

(2) Includes all government debt interest paid to persons.

TABLE 14. Disposition of Personal Income, by Quarters, 1967 and 1968 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Personal direct taxes	5,532	4,980	5,540	5,920	5,493	6,412		
2. Income taxes	4,948	4,396	4,964	5,308	4,904	5,784		
3. Succession duties and estate taxes	216	204	212	228	215	240		
4. Miscellaneous	368	380	364	384	374	388		
5. Personal expenditure on consumer goods and services	36,444	37,388	38,192	38,832	37,714	39,876		
6. Non-durable goods	17,768	18,388	18,844	18,952	18,488	19,440		
7. Durable goods	4,136	4,408	4,544	4,372	4,365	4,596		
8. Services(1)	14,540	14,592	14,804	15,508	14,861	15,840		
9. Personal net saving	4,064	4,460	3,724	3,732	3,995	3,016		
10. PERSONAL INCOME	46,040	46,828	47,456	48,484	47,202	49,304		
11. (Personal disposable income)(2)	(40,508)	(41,848)	(41,916)	(42,564)	(41,709)	(42,892)		

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 15. Government Revenue, by Quarters, 1967 and 1968 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Direct taxes - Persons	5,532	4,980	5,540	5,920	5,493	6,412		
2. Federal	3,632	3,276	3,588	3,792	3,572	4,268		
3. Provincial and municipal	1,900	1,704	1,952	2,128	1,921	2,144		
4. Direct taxes - Corporations	2,120	2,228	2,224	2,260	2,208	2,352		
5. Federal(1)	1,568	1,648	1,644	1,660	1,630	1,736		
6. (Federal tax collections)(1)	(1,776)	(1,808)	(1,800)	(1,836)	(1,805)	(1,816)		
7. Provincial	552	580	580	600	578	616		
8. (Provincial tax collections)	(584)	(600)	(616)	(648)	(612)	(704)		
Withholding taxes:								
9. Federal(2)	192	240	220	220	218	216		
10. Indirect taxes	9,208	9,224	9,164	9,312	9,227	9,700		
11. Federal	3,820	3,712	3,644	3,652	3,707	3,724		
12. Provincial and municipal(3)	5,388	5,512	5,520	5,660	5,520	5,976		
13. Investment income	1,856	2,144	2,268	2,328	2,149	2,208		
14. Federal	612	808	872	908	800	772		
15. Provincial and municipal	1,216	1,308	1,356	1,368	1,312	1,380		
16. Canada Pension Plan	28	28	40	52	37	56		
17. Employer and employee contributions to social insurance and government pension funds	1,972	2,028	2,132	1,992	2,031	2,120		
18. Federal	680	716	780	640	704	752		
19. Provincial and municipal	456	468	496	492	478	484		
20. Canada Pension Plan(4)	620	620	628	628	624	644		
21. Quebec Pension Plan(4)	216	224	228	232	225	240		
Transfers from Federal:								
22. Provincial and municipal	1,752	2,112	2,064	2,040	1,992	2,332		
23. TOTAL REVENUE	22,632	22,956	23,612	24,072	23,318	25,340		
24. FEDERAL	10,504	10,400	10,748	10,872	10,631	11,468		
25. PROVINCIAL AND MUNICIPAL	11,264	11,684	11,968	12,288	11,801	12,932		
26. CANADA PENSION PLAN	648	648	668	680	661	700		
27. QUEBEC PENSION PLAN	216	224	228	232	225	240		

(1) "See footnote 1, Table 5."

(2) "See footnote 2, Table 5."

(3) The quarterly figures of real property taxes unadjusted and seasonally adjusted are obtained by dividing annual totals by four since real property taxes accrue uniformly throughout the taxation year. Because in recent years, changes in real property tax rates have been generally upward this treatment gives rise to fictitious seasonal between the fourth and first quarters in the seasonally adjusted indirect taxes series.

(4) Estimates of a normal quarterly pattern have been used to seasonally adjust the contributions to the Canada and Quebec Pension Plans. No precise interpretation can be placed on the quarterly movements of these series until a later date.

TABLE 16. Government Expenditure, by Quarters, 1967 and 1968 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Goods and services	11,860	12,672	12,288	12,688	12,377	13,048		
2. Federal	4,096	4,472	4,196	4,272	4,259	4,616		
3. (Defence)	(1,644)	(1,844)	(1,952)	(1,780)	(1,805)	(1,732)		
4. Provincial and municipal	7,764	8,200	8,092	8,416	8,118	8,432		
5. Transfer payments to persons (excluding interest on the public debt)	5,884	6,236	6,200	6,572	6,223	6,684		
6. Federal	2,772	3,032	2,972	2,968	2,936	3,096		
7. Provincial and municipal	3,112	3,204	3,228	3,604	3,287	3,588		
8. Interest on the public debt	1,844	1,928	2,020	2,136	1,982	2,036		
9. Federal	1,140	1,208	1,280	1,352	1,245	1,256		
10. Provincial and municipal	704	720	740	784	737	780		
11. Subsidies	416	536	540	596	522	440		
12. Federal	292	436	396	436	390	308		
13. Provincial	124	100	144	160	132	132		
Capital Assistance:(1)								
14. Federal	52	60	48	100	65	80		
Transfers to other levels of government:								
15. Federal	1,752	2,112	2,064	2,040	1,992	2,332		
16. Total expenditure	21,808	23,544	23,160	24,132	23,161	24,620		
17. Federal	10,104	11,320	10,956	11,168	10,887	11,688		
18. Provincial and municipal	11,704	12,224	12,204	12,964	12,274	12,932		
19. Deficit (-) or surplus	824	- 588	452	- 60	157	720		
20. Federal	400	- 920	- 208	- 296	- 256	- 220		
21. Provincial and municipal	- 440	- 540	- 236	- 676	- 473	-		
22. Canada Pension Plan	648	648	668	680	661	700		
23. Quebec Pension Plan	216	224	228	232	225	240		
24. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	22,632	22,956	23,612	24,072	23,318	25,340		
25. FEDERAL	10,504	10,400	10,748	10,872	10,631	11,468		
26. PROVINCIAL AND MUNICIPAL	11,264	11,684	11,968	12,288	11,801	12,932		
27. CANADA PENSION PLAN	648	648	668	680	661	700		
28. QUEBEC PENSION PLAN	216	224	228	232	225	240		

(1) See footnote 1, Table 6.

TABLE 17. Source of National Saving, by Quarters, 1967 and 1968 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Personal net saving	4,064	4,460	3,724	3,732	3,995	3,016		
2. Business gross saving	7,964	8,236	7,976	8,028	8,051	8,248		
3. Undistributed corporation profits	1,052	876	1,080	1,284	1,073	1,108		
4. Capital consumption allowances and miscellaneous valuation adjustments	7,000	7,176	6,980	6,844	7,000	7,288		
5. Adjustment on grain transactions(1)	- 140	124	- 132	- 200	- 87	- 228		
6. Capital assistance	52	60	48	100	65	80		
7. Inventory valuation adjustment	- 292	- 268	- 228	- 376	- 291	- 300		
8. Government surplus or deficit (-)	824	- 588	452	- 60	157	720		
9. Residual error of estimate	- 28	172	- 32	148	65	220		
10. Totals	12,532	12,012	11,892	11,472	11,977	11,904		

(1) This item is an adjustment to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board. See also footnote 1, Table 3.

TABLE 18. Disposition of National Saving, by Quarters, 1967 and 1968 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Business gross fixed capital formation	12,972	12,724	11,916	11,848	12,365	12,492		
2. New residential construction	1,920	2,348	2,532	2,548	2,337	2,448		
3. New non-residential construction	5,128	4,724	4,236	4,592	4,670	4,700		
4. New machinery and equipment	5,924	5,652	5,148	4,708	5,358	5,344		
5. Value of physical change in inventories	152	148	680	- 80	225	28		
6. Surplus or deficit (-) on current account with non-residents	- 620	- 688	- 736	- 152	- 549	- 396		
7. Residual error of estimate	28	- 172	32	- 144	- 64	- 220		
8. Totals	12,532	12,012	11,892	11,472	11,977	11,904		

TABLE 19. Relation between Gross National Product at Market Prices and Gross Domestic Product
at Factor Cost, by Quarters, 1967 and 1968
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. GROSS NATIONAL PRODUCT AT MARKET PRICES ..	60,836	62,072	62,372	62,992	62,068	64,828		
2. Deduct: Residual error of estimate	28	- 172	32	- 148	- 65	- 220		
3. Indirect taxes less subsidies ..	- 8,792	- 8,688	- 8,624	- 8,716	- 8,705	- 9,260		
4. Income received from non-residents	- 292	- 228	- 316	- 288	- 281	- 308		
5. Add: Income paid to non-residents ...	1,040	1,180	1,260	1,116	1,149	1,284		
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	52,820	54,164	54,724	54,956	54,166	56,324		

TABLE 20. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1967 and 1968(1)
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	30,788	31,224	31,508	31,788	31,327	32,312		
2. Non-durable goods	15,284	15,708	15,896	15,944	15,708	16,088		
3. Durable goods	4,100	4,308	4,424	4,200	4,258	4,432		
4. Services	11,404	11,208	11,188	11,644	11,361	11,792		
5. Government expenditure on goods and services	8,312	8,932	8,460	8,720	8,606	8,836		
6. Business gross fixed capital formation ..	9,748	9,636	9,036	8,852	9,318	9,312		
7. New residential construction	1,348	1,608	1,720	1,688	1,591	1,604		
8. New non-residential construction	3,732	3,400	3,024	3,244	3,350	3,308		
9. New machinery and equipment	4,668	4,628	4,292	3,920	4,377	4,400		
10. Change in inventories	116	100	556	- 76	174	16		
11. Non-farm business inventories	160	180	572	- 264	162	- 4		
12. Farm inventories and grain in commercial channels	- 44	- 80	- 16	188	12	20		
13. Exports of goods and services	12,396	12,796	12,148	12,528	12,467	13,496		
(of which merchandise)	(10,252)	(10,304)	(9,524)	(10,440)	(10,130)	(11,500)		
14. Deduct: Imports of goods and services ...	- 12,832	- 13,296	- 12,720	- 12,488	- 12,834	- 13,620		
(of which merchandise)(2)	(9,624)	(9,868)	(9,604)	(9,332)	(9,607)	(10,356)		
15. Residual error of estimate	24	- 140	24	- 112	- 51	- 172		
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	48,552	49,252	49,012	49,212	49,007	50,180		

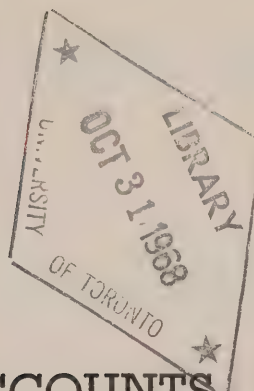
(1) See footnote 1, Table 10.

(2) See footnote 2, Table 10.

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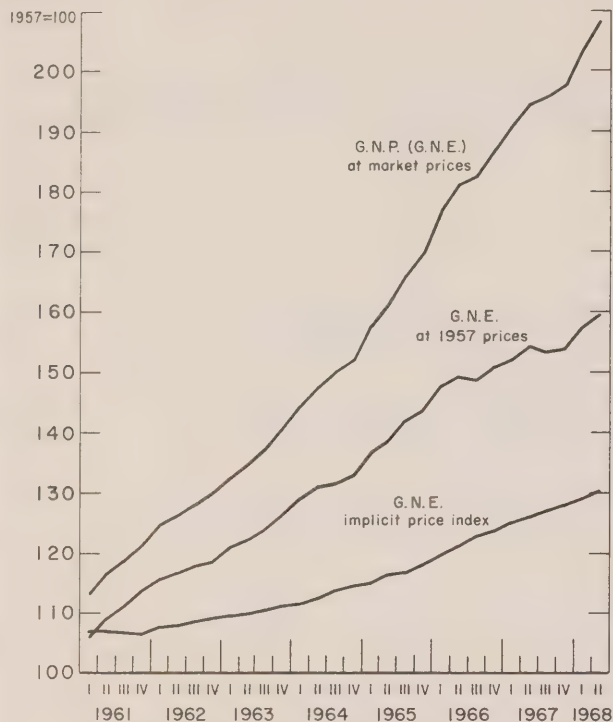
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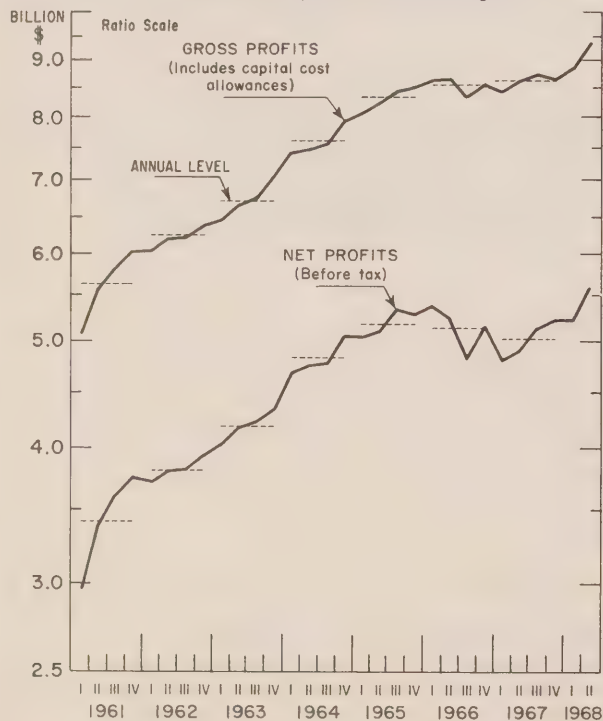
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G.N.P. in the second quarter rose 2.3 per cent at current prices and 1.3 per cent in real terms.

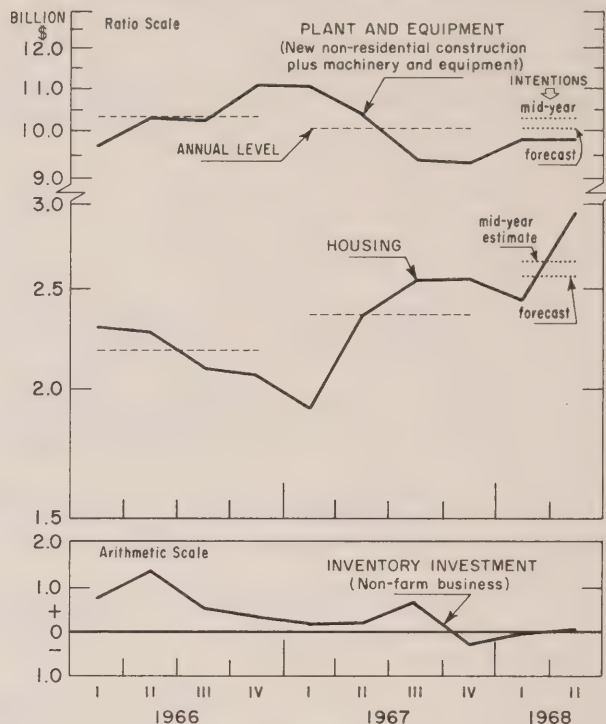


Second quarter net corporation profits were 4 per cent above previous first quarter 1966 peak, and 17 per cent above first quarter 1967 trough.

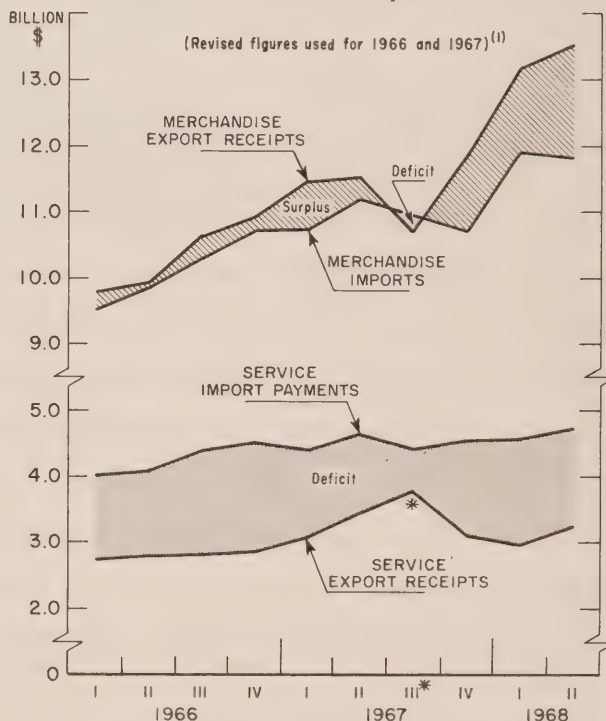


ALL DATA SEASONALLY ADJUSTED, AT ANNUAL RATES.

Business capital formation rose \$0.4 billion through higher construction investment, particularly housing. Second quarter gain in non-residential construction was offset by drop in machinery and equipment outlays. Inventory investment was small.



A larger second quarter surplus on merchandise trade and a lower deficit on non-merchandise trade resulted in a current account surplus, the first in 16 years.



* Expo induced receipts.

⁽¹⁾ See Note pp 13-14

INTRODUCTORY REVIEW

An increase of 2.3 per cent in the second quarter carried GNP to a level of \$66.4 billion, seasonally adjusted at annual rates. With prices continuing to rise, by about 1 per cent, the gain in real terms was reduced to 1.3 per cent.

Although smaller than the first quarter gain of 3 per cent⁽¹⁾, the present advance is again well above the average quarterly rate of growth in 1967, when the Canadian economy went through a period of readjustment. Manufacturing activity which was slowed down in the first quarter by strikes, notably in the automotive industry, was an important factor in the second quarter expansion. GNP, excluding accrued net farm income which showed substantial swings in the two quarters, increased in the second quarter at a somewhat faster rate than in the first (2.8 versus 2.5 per cent).

Total demand (GNP plus imports) increased in the quarter by about 2 per cent. Exports remained a dominant element of the increase in total demand, accounting for nearly 40 per cent of the change. Imports increased only fractionally from the very high levels reached in the preceding period; thus the increase in final domestic demand was met almost entirely from domestic supply sources. Investment outlays, particularly on housing, played an important role in sustaining demand this quarter, contributing about a third of the increase. Among the widespread increases in the income flows there were sizable gains in labour income and in corporation profits.

The increase in exports was particularly notable; important gains were made in automotive products, iron ore and steel products. This exceptional performance was largely due to the continued expansion in economic activity coupled with inventory accumulation in the U.S. during the first half of the year. The fractional increase in imports resulted from a slight decline in merchandise imports being more than offset by increases in service payments (largely interest and dividends). The net effects of external transactions this quarter were improved balances in both merchandise and non-merchandise accounts, and a swing from an overall deficit of \$312 million (on a National Accounts basis) to a surplus of \$236 million, seasonally adjusted at annual rates. This was the first current account surplus in almost 16 years.

Business gross fixed capital formation made further sizable gains. However, there was a reversal in the movements of individual components this quarter, with construction accounting for all of the increase while investment in machinery and equipment declined somewhat. The increase in residential construction, at an exceptional rate of 21 per cent, reflected the high level of starts in the first months of the year. Non-residential construction also advanced, by 5 per cent. This second consecutive gain in business gross fixed capital formation, after declines throughout 1967, coincided with an upward revision of business investment intentions for the whole year as indicated by the mid-year survey of business intentions. Personal and government expenditures on goods and services continued to increase, recording advances of 1 and 2 per cent respectively. The moderate gain in consumer expenditure followed a large increase of 2-1/2 per cent in the first quarter.

Turning to the income side, the more notable gains occurred in corporation profits before taxes, 7 per cent, and in labour income, 3 per cent. There were also significant increases in the net income of unincorporated business and in rent, interest and miscellaneous investment income.

Net corporation profits before taxes paced the advance on the income side, reaching a level 4 per cent above the previous peak achieved in the first quarter of 1966 and nearly 17 per cent above the subsequent trough in the first quarter of 1967. Gross profits, which include capital cost allowances, also increased sharply, by 5-1/2 per cent.

The progress of the Canadian economy so far this year is also evident if viewed in a semi-annual perspective. The upturn in business investment and in external trade in the first half of 1968 was especially notable. Outlays on plant and equipment increased by a little more than 10 per cent at annual rates over the last two quarters of 1967, exports and imports by over 20 per cent. There was also a marked acceleration in wages and salaries, personal disposable income and gross profits. The overall increase in Gross National Product was close to 10 per cent.

(1) As a result of the August forecast, the value of the grain crop has been revised upwards from the April estimate, based on acreage intentions and ten-year average yields. Gross National Product for the first quarter has accordingly been increased by \$128 million to reflect this revision.

Price Movements

In the second quarter, prices rose by 0.9 per cent, the same rate as in the preceding quarter. Both consumer expenditure and business gross fixed capital formation prices increased by 1 per cent, while export and import prices registered lower rates of advance. The table below gives details of price changes for the major components of gross national expenditure.

Within personal expenditure the dominant influence was exerted by services which rose by 1.3 per cent. Rent, rising 0.9 per cent, continued its steady upward trend; the index was 4.4 per cent higher than a year ago. The advance of 7.0 per cent in domestic air fares, the first since mid-1965, accounted for a significant part of the 2.4 per cent rise in the index of purchased transportation. The price of dental care rose a strong 7.7 per cent, while doctors' fees and costs of hospital care increased moderately.

Non-durable goods prices advanced 0.8 per cent compared with a rise of 1.8 per cent in the first quarter. Moderate price declines were shown for auto parts and accessories, drugs and food. The fractional decline in the seasonally adjusted price of food was due to virtually offsetting movements, with rises in the prices of dairy products, pork and fresh fruits and declines in the prices of beef, fresh vegetables, bakery products, and fats and oils. Prices of tobacco products and gasoline showed increases of 4.6 per cent and 3.1 per cent respectively and largely reflected higher taxes on these commodities.

The prices of durable goods rose 0.5 per cent as compared with a decline of 0.4 per cent in the previous quarter. New automobiles and home furnishings, with increases of 0.5 per cent and 1.3 per cent respectively, were mainly responsible for the rise.

Business gross fixed capital formation prices advanced at a slightly lower rate than in the first quarter, the result of a slight decline in the machinery and equipment index after a 1.2 per cent increase in the previous quarter. Seasonally adjusted labour and material costs in construction rose at higher rates, 3.3 and 0.9 per cent respectively.

Merchandise export prices, on balance, rose fractionally. Increases occurred in lumber, aluminum, wheat, motor vehicles and auto parts, while newsprint, wood pulp and copper all showed price declines.

Selected Base Weighted Price Indexes, Seasonally Adjusted Percentage Change from Previous Quarter

	1966			1967				1968	
	II	III	IV	I	II	III	IV	I	II
Personal expenditure	1.0	0.6	0.9	0.4	1.3	1.3	0.7	1.2	1.0
Non-durable goods	1.1	0.5	0.5	-0.1	0.8	1.2	0.4	1.8	0.8
Durable goods	0.8	-0.3	1.2	-0.2	1.4	1.0	1.1	-0.4	0.5
Total goods	1.1	0.4	0.6	-	0.8	1.2	0.5	1.3	0.8
of which: food	1.2	0.7	-0.2	-0.9	-0.6	2.0	0.8	1.4	-0.1
non-food	0.9	0.2	1.1	0.4	1.6	0.7	0.4	1.3	1.1
non-food non-durables	1.1	0.4	1.1	0.6	1.8	0.6	-	2.1	1.5
Services, excluding net expenditures abroad	1.1	1.0	1.2	1.3	2.1	1.5	0.8	0.9	1.3
Business gross fixed capital formation	1.2	1.2	1.0	1.2	-0.8	-0.2	1.0	1.1	1.0
Residential construction	1.5	2.1	2.2	0.9	2.1	1.0	2.5	1.3	1.8
Non-residential construction	1.5	1.4	1.3	1.5	1.2	0.7	1.1	0.9	1.7
Machinery and equipment	0.7	0.8	0.2	1.0	-3.8	-1.6	0.1	1.2	-0.2
Exports	0.5	1.6	0.6	0.4	-	0.1	0.6	1.2	0.5
of which: merchandise	0.5	1.6	0.4	0.2	-0.4	-0.3	0.4	1.2	0.1
Gross National Expenditure (excluding inventories)	1.2	1.2	1.0	1.3	0.5	1.0	0.7	0.9	1.0
G.N.E. (implicit price)	1.1	1.3	0.7	1.3	0.6	1.0	0.5	0.9	0.9

The Components of Demand

Personal Expenditure on Consumer Goods and Services

After the rather strong 2-1/2 per cent advance of the first quarter, personal expenditure increased by 1 per cent to reach a level of \$40.3 billion, seasonally adjusted at annual rates. All three major aggregates contributed to the increase, but somewhat unevenly: outlays on services rose by 1-1/2 per cent and by about 1 per cent on non-durables, while the advance in durables was fractional.

Some divergence in movement occurred among components of non-durables, with declines in several items which recorded large increases in the previous quarter. Decreases of between 1 and 5 per cent were recorded in outlays on clothing, energy sources for home use, gasoline, oil and grease, and tobacco. On the other hand, purchases of household supplies and alcoholic beverages showed increases. The food component continued to advance, but at a lower rate -- 1-1/2 per cent compared with 3-1/2; however the advance in real terms was close to that of the previous quarter.

Among the components of durable goods, increases of between 4 and 4-1/2 per cent were recorded in each of furniture, home furnishings, appliances and radios, and jewellery and watches; these gains were almost offset by a decline of 3-1/2 per cent in purchases of new and used cars after a large advance previously. New car outlays declined by 2-1/2 per cent, though expenditures on overseas automobiles increased for the fifth consecutive quarter.

With the exception of an unchanged rate of outlays for personal services, all service components showed increases. Advances of 3-1/2 per cent occurred in shelter, medical care, and purchased transportation, while outlays for household services rose by 2-1/2 per cent. Expenditures on financial services and user-operated transportation increased by 1-1/2 and 1 per cent respectively.

Business Gross Fixed Capital Formation

Business spending on fixed capital formation increased by 4 per cent in the second quarter, reaching an annual rate of \$12.8 billion. This rise reflects a large pick-up in housing investment and a lesser increase in non-residential construction; these were partially offset by a decline in machinery and equipment outlays. As shown in the table below, capital outlays in the first half of this year were running at an average annual rate of \$12.5 billion. Investment intentions, for the year 1968, as forecast in "Private and Public Investment in Canada: Outlook 1968", were \$12.6 billion. Anticipated capital spending was revised upwards in the mid-year survey to reach \$12.9 billion, an increase of 4.6 per cent over 1967. Realization of these revised anticipations would require a 6-1/2 per cent increase in the rate of investment over the first half of the year.

Business Gross Fixed Capital Formation

	<u>Anticipated 1968</u>		
	<u>Reported in 1968</u>		Average of first two quarters 1968
	<u>Intentions survey in</u>	<u>Intentions survey in</u>	
	November 1967	June 1968	
	(millions of dollars)		
Total	12,577	12,928	12,514
Housing	2,564	2,648	2,692
Other construction	4,712	4,828	4,658
Machinery and equipment	5,301	5,452	5,164

Expenditures for new residential construction advanced 21 per cent in the second quarter to an annual rate of \$2.9 billion. Starts declined slightly from a seasonally adjusted annual rate of 204,000 to 191,200 units, after the 26-1/2 per cent jump in the first quarter -- while completions rose by 9-1/2 per cent. In August, Central Mortgage and Housing Corporation revised upward by 10,000 its estimate of starts in 1968 to 185,000 units -- close to the 190,000 unit target of the Economic Council of Canada. Multiple housing, particularly apartments, dominated housing activity in the first half of 1968.

Non-Farm Business Inventories

In the second quarter of 1968 non-farm business inventories showed an increase of \$60 million, seasonally adjusted at annual rates, compared with a marginal liquidation in the previous quarter. Large offsetting movements occurred, with notable accumulation at the retail level and substantial depletion in manufacturing.

Value of Physical Change in Non-Farm Business Inventories (Seasonally Adjusted, at Annual Rates)

	1968	
	1Q	2Q
	(millions of dollars)	
Manufacturing	-132	-344
Durables	-120	-72
Non-durables	-12	-272
Wholesale trade	24	-64
Retail trade	284	324
"Other" industries	-188	144
Total	-12	60

In manufacturing, the liquidation which started in the fourth quarter of 1967 continued into the current quarter. The stocks showed a depletion of \$344 million, compared with one of \$132 million in the previous quarter. Four-fifths of this occurred in non-durables, while the depletion in durables also continued, though at a reduced rate. There was a widespread liquidation among all the non-durable goods-producing industries with the exception of only a small accumulation in the petroleum industry. Among durables a substantial accumulation in the electrical products industry was more than offset by a general decline in the stocks of the other component industries, especially of transportation equipment. By stages of production, the stocks of raw materials and goods-in-process declined, whereas the stocks of finished goods showed a slight increase. The stock-to-shipsments ratio was lower than the ratio of the previous quarter.

In wholesale, the two-year trend of accumulation was reversed. This liquidation was entirely due to the stock depletion of non-durable goods dealers, as the stocks of durable goods showed a small increase. The stock-to-sales ratio was much lower than that of the previous quarter.

Stocks of retail traders rose considerably in the current quarter. Nearly 80 per cent of this total increase was contributed by a build-up of the stocks of motor vehicle dealers, although some accumulation occurred in non-durables lines as well. The stock-to-sales ratio was virtually the same as in the previous quarter.

Exports and Imports of Goods and Services

With exports of goods and services increasing by 3-1/2 per cent and imports by less than 1/2 of 1 per cent the balance on current account for the quarter swung from a deficit of \$312 million at annual rates to a surplus of \$236 million -- the first surplus since the third quarter of 1952. The deficit on non-merchandise trade declined by \$108 million, while the merchandise surplus increased markedly by \$440 million.

Exports of goods rose by 2-1/2 per cent, following a 12 per cent advance in the first quarter, with the gains being made mainly in American markets. Increases occurred in motor vehicles, iron ore, nickel, steel products, pulp, newsprint, lumber, veneers, crude wood products, wheat, fish, tobacco, alcoholic beverages, crude vegetable products, television and radio sets, fertilizers and natural gas. Decreases were registered in motor vehicle parts, farm machinery, asbestos, copper and zinc.

Seasonally adjusted commodity detail on the 1 per cent decline in merchandise imports is not available, owing to the difficulty of determining normal quarterly changes resulting from a new classification in recent years and revisions to 1966 and 1967 estimates.

The significant item in the reduced non-merchandise deficit was a \$204 million improvement (from deficit to surplus) in the tourist and travel account which, together with a smaller improvement in freight and shipping trade, offset a widening deficit in interest and dividends.

Exports and Imports of Goods and Services
(Seasonally Adjusted, at Annual Rates)

	4Q 1967	1Q	2Q	Change	
	Published	(Revised)(1)	1968	1968	
	1Q to 2Q				
	Per cent				
Exports					
Goods	11,780	(11,884)	13,188	13,524	2.5
Services	2,928	(3,112)	2,996	3,256	8.7
Total	14,708	(14,996)	16,184	16,780	3.7
Imports					
Goods	10,656	(10,712)	11,920	11,816	-0.9
Services	4,204	(4,552)	4,576	4,728	3.3
Total	14,860	(15,264)	16,496	16,544	0.3
Current Balance					
Goods	1,124	(1,172)	1,268	1,708	440
Services	-1,276	(-1,440)	-1,580	-1,472	108
Total	-152	(-268)	-312	236	548

(1) See note on page 13.

The Government Sector

Total expenditures of all governments combined, excluding intergovernmental transfers, rose by 4-1/2 per cent in the second quarter to \$23,272 million from \$22,288 million in the first quarter. Nearly \$300 million of this increase was in expenditures on goods and services. The high outlays in this category occurred entirely at the provincial-municipal level and were associated with higher capital spending; outlays on goods and services at the federal level declined.

Transfer payments to persons increased by over \$500 million, or nearly 8 per cent. At the federal level, increased disbursements for scholarships and other educational programs and higher war veteran pension payments, accounted for most of the rise of \$304 million. At the provincial-municipal level the increase was caused by higher payments to hospitals and other institutions.

Total revenues of all governments combined declined slightly from \$23,016 million in the first quarter to \$22,960 million in the second quarter. This was due to a \$400 million decline in personal direct taxes, the result of delayed payments of refunds which usually take place in the first quarter; this led to an unusually high first quarter and a consequently lower than usual second quarter.

Indirect taxes rose slightly but while the federal portion fell, the provincial-municipal level increased by \$168 million, caused by higher gasoline and sales taxes introduced in several provinces during the second quarter.

The \$140 million rise in corporation tax liabilities was associated with the gain in corporate profits. Investment income rose by \$112 million, mainly caused by increased trading profits of government enterprises, especially at the federal level.

With total government spending increasing by 4-1/2 per cent while revenues remained virtually unchanged, the government sector (including the Canada and Quebec Pension Plans) moved from a surplus, seasonally adjusted at annual rates and on a National Accounts basis, of \$728 million in the first quarter to a deficit of \$312 million in the second quarter. The deficit at the federal level widened from \$172 million to \$872 million, the result of irregular movements in the revenue and expenditure components. At the provincial-municipal level, the deficit also widened, from \$40 million to \$480 million. The surplus of the Canada and Quebec Pension Plans increased from \$940 million to \$1,040 million in the quarter.

Components of Income

Labour Income

During the second quarter, total labour income increased by about 3 per cent, the largest advance since 1966. The major influence in this rise was a substantially higher rate of advance in goods-producing industries, as that in services was about the same as in previous quarters.

Wages and salaries in the goods-producing industries advanced by about 3 per cent, compared with 1 per cent in the first and still lesser gains in the preceding three quarters. Manufacturing rose by 3 per cent, construction by 2 per cent and the primary industries by 4 per cent. Employment in these industries showed little change over the first six months of the year except for reductions due to labour disputes. The increase in the second quarter wages and salaries was due to a mixture of extra hours worked, bonus and incentive payment and higher wage rates in comparison with the first quarter.

Wages and salaries in the service-producing industries also increased by almost 3 per cent. Employment increased moderately, about 1 per cent, while average earnings rose by over 2 per cent. There were rises of 1-1/2 per cent in transportation, storage and communication and other utilities, 2-1/2 in trade, almost 4 per cent in finance and commercial and institutional services, and over 2-1/2 per cent in government services.

Investment Income

Gross corporation profits mounted substantially by over 5 per cent in the second quarter. With capital consumption allowances in this sector rising by 3 per cent, there was a 7 per cent improvement in net profits. The increases in both gross and net profits were among the largest in the seven year expansion.

By industry, net profits of the manufacturing group continued the rising trend begun in early 1967 and, with a 10 per cent surge, contributed the largest share of the overall profits increase. Within this group, particular improvement over the first quarter was evident in the metals group with a 23 per cent gain; sizable advances were also displayed in the textiles, and non-metallic minerals and chemical groups, while lesser gains were made in wood, paper, printing and publishing, and petroleum and coal. Profits dipped in the rubber and the food and beverage industries, both affected by labour disputes, and in the electrical apparatus industry. The rise in manufacturing profits accompanied a sizable increase in production.

The profits of both the finance and the transportation, storage and communications industries recovered from first quarter declines and recorded 20 per cent advances. In contrast to the strength in these industries, and related to the easing of demand in the personal sector, the profits of the trade groups shifted downward. Profits of the retail trade, wholesale trade, and service industries fell by 8, 3, and 5 per cent respectively. Mining industry profits fell off slightly from their relatively high first quarter level, while profits of the utilities category dropped abruptly after a substantial first quarter rise.

Accrued Net Income of Farm Operators

During the second quarter accrued net income of farm operators fell to \$1,548 million, 14-1/2 per cent below the revised first quarter level. All major components were responsible for the change. Cash income from "other" farm products, notably tobacco and dairy products, registered the largest drop, while the values of grain and livestock production also declined somewhat.

Net Income of Non-Farm Unincorporated Business

Net income of non-farm unincorporated business rose to \$3,400 million, about 4 per cent over the first quarter. The construction industry contributed over half of this increase with marginal gains being recorded for most other industries.

Production by Industry(1)

In the second quarter of 1968 the seasonally adjusted Index of Real Domestic Product rose by 1.3 per cent from the revised first quarter level of 141.9. Real Domestic Product less agriculture rose by 1.5 per cent from its first quarter level, which was also slightly revised. Almost all of this advance came from the goods-producing industries less agriculture, which were 3.1 per cent higher than they were in the strike-affected first quarter. In contrast, the service-producing industries, partially dampened by strikes, increased only fractionally (+0.3 per cent). The Index of Industrial Production components registered a strong recovery, increasing by 2.7 per cent.

Manufacturing advanced by 3.2 per cent, with durables up by 5.1 per cent and non-durables by 1.4 per cent. The large increase in durables was mainly the result of recoveries from first quarter strikes in the motor vehicle and motor vehicle parts and accessories manufactures industries. These recoveries continued throughout the second quarter but were dampened by further strikes in April and June. In non-durables, paper and allied industries were largely responsible for the increase.

Construction rose by 6.1 per cent from the first quarter level, reflecting the substantial increases which occurred in the residential, engineering, and highways components. The increase in residential construction was evident in both multiple and single-housing units.

Agriculture and the strike-affected transportation, storage and communication division were the only industries to record significant declines in output during the second quarter. Agriculture(2) fell by 4.1 per cent while transportation, storage and communication decreased by 1.5 per cent. The water transport and storage components were affected by the strike which closed the St. Lawrence Seaway on June 21.

(1) It should be noted that the movements shown here may not always coincide with the constant price gross national expenditure data in the quarterly national income and expenditure accounts, due to conceptual and statistical differences. Among these differences are factor cost versus market price valuation, the use of domestic versus national boundaries, and the use of different weight-base periods.

(2) Includes an estimate of crop production based on the August forecast of production of principal field crops.

Revision Note

The Balance of Payments Division revised data for 1966 and 1967 in the second quarter of 1968. Revised figures are shown in "Quarterly Estimates of the Canadian Balance of International Payments", DBS 67-001, starting with their report for the second quarter. These revisions have not been incorporated in the National Accounts. They are shown below on a National Accounts basis.

		Unadjusted for Seasonality		Seasonally Adjusted Annual Rates	
		(million dollars)			
		Published	Revised	Published	Revised
(A) Exports of goods and services					
1966 - 1st quarter	.....	2,729	2,742	12,660	12,552
2nd	.....	3,253	3,265	12,820	12,736
3rd	.....	3,624	3,642	13,276	13,456
4th	.....	3,467	3,479	13,536	13,768
Year	.....	13,073	13,128	13,073	13,128
1967 - 1st quarter	.....	3,151	3,188	14,468	14,520
2nd	.....	3,842	3,854	15,004	14,964
3rd	.....	3,878	3,922	14,252	14,512
4th	.....	3,737	3,784	14,708	14,996
Year	.....	14,608	14,748	14,608	14,748
(B) Imports of goods and services					
1966 - 1st quarter	.....	3,133	3,137	13,548	13,524
2nd	.....	3,655	3,672	13,996	13,944
3rd	.....	3,609	3,635	14,676	14,712
4th	.....	3,883	3,916	14,900	15,260
Year	.....	14,280	14,360	14,280	14,360
1967- 1st quarter	.....	3,485	3,540	15,088	15,168
2nd	.....	4,139	4,183	15,692	15,848
3rd	.....	3,695	3,761	14,988	15,380
4th	.....	3,838	3,931	14,860	15,264
Year	.....	15,157	15,415	15,157	15,415
(C) Surplus or deficit (-) on current account with non-residents					
1966 - 1st quarter	.....	-404	-395	-888	-972
2nd	.....	-402	-407	-1,176	-1,208
3rd	.....	15	7	-1,400	-1,256
4th	.....	-416	-437	-1,364	-1,492
Year	.....	-1,207	-1,232	-1,207	-1,232
1967 - 1st quarter	.....	-334	-352	-620	-648
2nd	.....	-297	-329	-688	-884
3rd	.....	183	161	-736	-868
4th	.....	-101	-147	-152	-268
Year	.....	-549	-667	-549	-667

(continued on page 14)

Revision Note - continued

	Unadjusted for Seasonality		Seasonally Adjusted, annual rates	
	Published	Revised	Published	Revised
(million dollars)				
(D) Exports of goods and services (Constant (1957) dollars)				
1966 - 1st quarter	2,415	2,423	11,152	11,040
2nd	2,846	2,854	11,212	11,124
3rd	3,095	3,108	11,380	11,536
4th	2,989	2,998	11,636	11,832
Year	11,345	11,383	11,345	11,383
1967 - 1st quarter	2,714	2,739	12,396	12,412
2nd	3,281	3,286	12,796	12,748
3rd	3,273	3,299	12,148	12,328
4th	3,199	3,231	12,528	12,732
Year	12,467	12,555	12,467	12,555
(E) Imports of goods and services (Constant (1957) dollars)				
1966 - 1st quarter	2,701	2,702	11,716	11,684
2nd	3,140	3,152	12,044	11,988
3rd	3,077	3,096	12,544	12,560
4th	3,322	3,344	12,656	12,944
Year	12,240	12,294	12,240	12,294
1967 - 1st quarter	2,956	2,994	12,832	12,872
2nd	3,505	3,537	13,296	13,420
3rd	3,126	3,175	12,720	13,012
4th	3,247	3,316	12,488	12,784
Year	12,834	13,022	12,834	13,022

TABLES UNADJUSTED FOR SEASONAL VARIATION

TABLE 1. National Income and Gross National Product, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income ..	7,629	8,076	8,369	8,315	32,389	8,206	8,701	
2. Military pay and allowances	183	172	173	176	704	173	159	
3. Corporation profits before taxes	1,016	1,354	1,270	1,380	5,020	1,120	1,565	
4. Deduct: Dividends paid to non-residents(1)	- 153	- 153	- 174	- 275	- 755	- 190	- 188	
5. Rent, interest, and miscellaneous investment income	979	1,055	1,090	1,215	4,339	1,123	1,136	
6. Accrued net income of farm operators from farm production(2)	148	215	1,211	124	1,698	69	63	
7. Net income of non-farm unincorporated business(3)	626	776	820	972	3,194	690	840	
8. Inventory valuation adjustment(4)	- 79	- 85	- 33	- 94	- 291	- 79	- 70	
9. NET NATIONAL INCOME AT FACTOR COST	10,349	11,410	12,726	11,813	46,298	11,112	12,206	
10. Indirect taxes less subsidies	2,168	2,163	2,164	2,210	8,705	2,302	2,304	
11. Capital consumption allowances and miscellaneous valuation adjustments	1,695	1,852	1,718	1,735	7,000	1,769	1,920	
12. Residual error of estimate	- 168	44	56	133	65	- 197	22	
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	14,044	15,469	16,664	15,891	62,068	14,986	16,452	
14. (Gross national product at market prices excluding accrued net income of farm operators)	(13,896)	(15,254)	(15,453)	(15,767)	(60,370)	(14,917)	(16,389)	

(1) Includes the withholding tax applicable to this item.

(2) Includes change in farm inventories as shown in line 11, Table 4. An adjustment has been made to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board.

(3) Includes net income of independent professional practitioners.

(4) See footnote 4, Table 2.

TABLE 2. Gross National Expenditure, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	8,678	9,369	9,224	10,443	37,714	9,466	10,062	
2. Government expenditure on goods and services(1, 2)	2,736	3,157	3,341	3,143	12,377	2,991	3,278	
3. Business gross fixed capital formation(3)	2,864	3,412	3,006	3,083	12,365	2,709	3,358	
4. New residential construction	405	597	663	672	2,337	526	718	
5. New non-residential construction	1,021	1,187	1,187	1,275	4,670	895	1,186	
6. New machinery and equipment	1,438	1,628	1,156	1,136	5,358	1,288	1,454	
7. Value of physical change in inventories(4)	- 67	- 129	966	- 545	225	- 123	- 173	
8. Non-farm business inventories	248	- 5	105	- 159	189	193	8	
9. Farm inventories and grain in commercial channels	- 315	- 124	861	- 386	36	- 316	- 181	
10. Exports of goods and services(5)	3,151	3,842	3,878	3,737	14,608	3,586	4,313	
11. Deduct: Imports of goods and services(6)	- 3,485	- 4,139	- 3,695	- 3,838	-15,157	- 3,841	- 4,364	
12. Residual error of estimate	167	- 43	- 56	- 132	- 64	198	- 22	
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	14,044	15,469	16,664	15,891	62,068	14,986	16,452	

(1) Includes outlays on new durable assets such as building and highway construction by governments, other than government business enterprises. Also includes net purchases of government commodity agencies.

(2) For details of defence expenditures see line 3, Table 6.

(3) Includes capital expenditures by private and government business enterprises, private non-commercial institutions, and outlays on new residential construction by individuals and business investors.

(4) The book value of inventories is deflated to remove the effect of price changes and the derived "physical" change is then valued at average prices of the current period to obtain the value of physical change. The difference between this value of physical change and the change in book value is called the inventory valuation adjustment. (See line 8, Table 1).

(5) See Revision Note Section "A" page 13

(6) See Revision Note Section "B" page 13

TABLE 3. Source of Personal Income, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income	7,629	8,076	8,369	8,315	32,389	8,206	8,701	
2. Deduct: Employer and employee contributions to social insurance and government pension funds	- 491	- 533	- 556	- 451	- 2,031	- 540	- 568	
3. Military pay and allowances	183	172	173	176	704	173	159	
4. Net income received by farm operators from farm production(1)	400	121	1,161	103	1,785	170	266	
5. Net income of non-farm unincorporated business	626	776	820	972	3,194	690	840	
6. Interest, dividends, and net rental income of persons(2)	1,173	1,211	1,211	1,299	4,894	1,260	1,333	
Transfer payments to persons:								
7. From government (excluding interest)	1,588	1,533	1,489	1,613	6,223	1,752	1,757	
8. Charitable contributions by corporations	11	11	11	11	44	12	12	
9. PERSONAL INCOME	11,119	11,367	12,678	12,038	47,202	11,723	12,500	

(1) This item differs from line 6, Table 1, by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.

(2) Includes all government debt interest paid to persons.

TABLE 4. Disposition of Personal Income, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Personal direct taxes	1,398	1,309	1,347	1,439	5,493	1,638	1,565	
2. Income taxes	1,213	1,167	1,224	1,300	4,904	1,441	1,415	
3. Succession duties and estate taxes	54	51	53	57	215	60	56	
4. Miscellaneous	131	91	70	82	374	137	94	
5. Personal expenditure on consumer goods and services ..	8,678	9,369	9,224	10,443	37,714	9,466	10,062	
6. Non-durable goods	4,090	4,415	4,665	5,318	18,488	4,446	4,690	
7. Durable goods	921	1,225	990	1,229	4,365	1,033	1,274	
8. Services(1)	3,667	3,729	3,569	3,896	14,861	3,987	4,098	
9. Personal net saving	1,043	689	2,107	156	3,995	619	873	
10. Personal saving excluding change in farm inventories	1,328	809	1,363	619	4,119	935	975	
11. Value of physical change in farm inventories	- 285	- 120	744	- 463	- 124	- 316	- 102	
12. PERSONAL INCOME	11,119	11,367	12,678	12,038	47,202	11,723	12,500	
13. (Personal disposable income)(2)	(9,721)	(10,058)	(11,331)	(10,599)	(41,709)	(10,085)	(10,935)	

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 5. Government Revenue, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Direct taxes - Persons	1,398	1,309	1,347	1,439	5,493	1,638	1,565	
2. Federal	859	896	881	936	3,572	1,037	1,058	
3. Provincial and municipal	539	413	466	503	1,921	601	507	
4. Direct taxes - Corporations	441	604	555	608	2,208	488	686	
5. Federal(1)	325	446	410	449	1,630	360	511	
6. (Federal tax collections)(1)	(400)	(569)	(423)	(413)	(1,805)	(406)	(483)	
7. Provincial	116	158	145	159	578	128	175	
8. (Provincial tax collections)	(149)	(160)	(162)	(141)	(612)	(173)	(172)	
Withholding taxes:								
9. Federal(2)	41	66	37	74	218	49	60	
10. Indirect taxes	2,255	2,275	2,330	2,367	9,227	2,395	2,393	
11. Federal	879	942	921	965	3,707	855	906	
12. Provincial and municipal	1,376	1,333	1,409	1,402	5,520	1,540	1,487	
13. Investment income	440	523	546	640	2,149	518	554	
14. Federal	126	210	215	249	800	162	216	
15. Provincial and municipal	307	306	321	378	1,312	342	318	
16. Canada Pension Plan	7	7	10	13	37	14	20	
17. Employer and employee contributions to social insurance and government pension funds	491	533	556	451	2,031	540	568	
18. Federal	172	173	198	161	704	191	181	
19. Provincial and municipal	114	117	124	123	478	121	122	
20. Canada Pension Plan	152	179	172	121	624	168	193	
21. Quebec Pension Plan	53	64	62	46	225	60	72	
Transfers from Federal:								
22. Provincial and municipal	446	538	495	513	1,992	596	630	
23. TOTAL REVENUE	5,512	5,848	5,866	6,092	23,318	6,224	6,456	
24. FEDERAL	2,402	2,733	2,662	2,834	10,631	2,654	2,932	
25. PROVINCIAL AND MUNICIPAL	2,898	2,865	2,960	3,078	11,801	3,328	3,239	
26. CANADA PENSION PLAN	159	186	182	134	661	182	213	
27. QUEBEC PENSION PLAN	53	64	62	46	225	60	72	

(1) Excludes refundable tax on corporate cash profits introduced May, 1966. In 1967 the following amounts were collected: first quarter \$64 million, second quarter \$27 million, third quarter \$10 million and fourth quarter \$8 million. In the first quarter of 1968, refunding of overpayments exceeded collections by \$5 millions. In the second quarter the amount collected was \$9 million.

(2) Beginning in 1962, the withholding tax series has been adjusted to conform more closely with the flow of interest and dividends to non-residents.

TABLE 6. Government Expenditure, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Goods and services	2,736	3,157	3,341	3,143	12,377	2,991	3,278	
2. Federal	1,034	1,084	1,112	1,029	4,259	1,163	1,056	
3. (Defence)	(470)	(426)	(471)	(438)	(1,805)	(481)	(419)	
4. Provincial and municipal	1,702	2,073	2,229	2,114	8,118	1,828	2,222	
5. Transfer payments to persons (excluding interest on the public debt)	1,588	1,533	1,489	1,613	6,223	1,752	1,757	
6. Federal	771	778	686	701	2,936	856	868	
7. Provincial and municipal	817	755	803	912	3,287	896	889	
8. Interest on the public debt	438	525	474	545	1,982	476	608	
9. Federal	283	314	320	328	1,245	305	370	
10. Provincial and municipal	155	211	154	217	737	171	238	
11. Subsidies	87	112	166	157	522	93	89	
12. Federal	61	99	110	120	390	66	75	
13. Provincial	26	13	56	37	132	27	14	
Capital Assistance: (1)								
14. Federal	13	15	12	25	65	20	9	
Transfers to other levels of government:								
15. Federal	446	538	495	513	1,992	596	630	
16. Total expenditure	5,308	5,880	5,977	5,996	23,161	5,928	6,371	
17. Federal	2,608	2,828	2,735	2,716	10,887	3,006	3,008	
18. Provincial and municipal	2,700	3,052	3,242	3,280	12,274	2,922	3,363	
19. Deficit (-) or Surplus	204	- 32	- 111	96	157	296	85	
20. Federal	- 206	- 95	- 73	118	- 256	- 352	- 76	
21. Provincial and municipal	198	- 187	- 282	- 202	- 473	406	- 124	
22. Canada Pension Plan	159	186	182	134	661	182	213	
23. Quebec Pension Plan	53	64	62	46	225	60	72	
24. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	5,512	5,848	5,866	6,092	23,318	6,224	6,456	
25. FEDERAL	2,402	2,733	2,662	2,834	10,631	2,654	2,932	
26. PROVINCIAL AND MUNICIPAL	2,898	2,865	2,960	3,078	11,801	3,328	3,239	
27. CANADA PENSION PLAN	159	186	182	134	661	182	213	
28. QUEBEC PENSION PLAN	53	64	62	46	225	60	72	

(1) From 1961 on, this item is treated as government current expenditure; prior to 1961, it was treated as capital transfer.

TABLE 7. Source of National Saving, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Personal net saving	1,043	689	2,107	156	3,995	619	873	
2. Business gross saving	1,630	2,327	2,080	2,014	8,051	1,890	2,202	
3. Undistributed corporation profits	174	366	300	233	1,073	202	476	
4. Capital consumption allowances and miscellaneous valuation adjustments	1,695	1,852	1,718	1,735	7,000	1,769	1,920	
5. Adjustment on grain transactions(1)	- 252	94	50	21	- 87	- 101	- 203	
6. Capital assistance	13	15	12	25	65	20	9	
7. Inventory valuation adjustment	- 79	- 85	- 33	- 94	- 291	- 79	- 70	
8. Government surplus or deficit (-)	204	- 32	- 111	96	157	296	85	
9. Residual error of estimate	- 168	44	56	133	65	- 197	22	
10. Totals	2,630	2,943	4,099	2,305	11,977	2,529	3,112	

(1) This item is an adjustment to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board. See also footnote 1, Table 3.

TABLE 8. Disposition of National Saving, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Business gross fixed capital formation	2,864	3,412	3,006	3,083	12,365	2,709	3,358	
2. New residential construction	405	597	663	672	2,337	526	718	
3. New non-residential construction	1,021	1,187	1,187	1,275	4,670	895	1,186	
4. New machinery and equipment	1,438	1,628	1,156	1,136	5,358	1,288	1,454	
5. Value of physical change in inventories	- 67	- 129	966	- 545	225	- 123	- 173	
6. Surplus or deficit (-) on current account with non-residents(1)	- 334	- 297	183	- 101	- 549	- 255	- 51	
7. Residual error of estimate	167	- 43	- 56	- 132	- 64	198	- 22	
8. Totals	2,630	2,943	4,099	2,305	11,977	2,529	3,112	

(1) See Revision Note Section "C" page 13

TABLE 9. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1967 and 1968 (millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. GROSS NATIONAL PRODUCT AT MARKET PRICES ..	14,044	15,469	16,664	15,891	62,068	14,986	16,452	
2. Deduct: Residual error of estimate	168	- 44	- 56	- 133	- 65	197	- 22	
3. Indirect taxes less subsidies ..	- 2,168	- 2,163	- 2,164	- 2,210	- 8,705	- 2,302	- 2,304	
4. Income received from non-residents	- 62	- 54	- 63	- 102	- 281	- 68	- 79	
5. Add: Income paid to non-residents ...	242	269	263	375	1,149	292	315	
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	12,224	13,477	14,644	13,821	54,166	13,105	14,362	

TABLE 10. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1967 and 1968(1) (millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	7,344	7,830	7,579	8,574	31,327	7,690	8,083	
2. Non-durable goods	3,555	3,767	3,906	4,480	15,708	3,720	3,841	
3. Durable goods	917	1,205	967	1,169	4,258	1,004	1,229	
4. Services	2,872	2,858	2,706	2,925	11,361	2,966	3,013	
5. Government expenditure on goods and services	1,857	2,219	2,386	2,144	8,606	1,932	2,184	
6. Business gross fixed capital formation ..	2,156	2,590	2,271	2,301	9,318	2,026	2,469	
7. New residential construction	285	409	450	447	1,591	345	461	
8. New non-residential construction	740	851	854	905	3,350	623	813	
9. New machinery and equipment	1,131	1,330	967	949	4,377	1,058	1,195	
10. Change in inventories	- 27	- 187	819	- 431	174	- 90	- 173	
11. Non-farm business inventories	229	8	38	- 113	162	165	45	
12. Farm inventories and grain in commercial channels	- 256	- 195	781	- 318	12	- 255	- 218	
13. Exports of goods and services(3)	2,714	3,281	3,273	3,199	12,467	3,029	3,627	
(of which merchandise)	(2,321)	(2,680)	(2,418)	(2,711)	(10,130)	(2,634)	(3,093)	
14. Deduct: Imports of goods and services(4)	- 2,956	- 3,505	- 3,126	- 3,247	- 12,834	- 3,172	- 3,598	
(of which merchandise)(2)	(2,210)	(2,653)	(2,315)	(2,429)	(9,607)	(2,389)	(2,731)	
15. Residual error of estimate	133	- 35	- 45	- 104	- 51	153	- 17	
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	11,221	12,193	13,157	12,436	49,007	11,568	12,575	

(1) The implicit price deflators of the seasonally unadjusted components of Gross National Expenditure, derived by dividing the value figures in Table 2 by the constant dollar figures in Table 10, are not suitable as indicators of quarter-to-quarter price change. This is because they are currently weighted and therefore are affected by compositional shifts which occur within the unadjusted components of Gross National Expenditure, on a quarter-to-quarter basis. Quarter-to-quarter comparisons based on seasonally adjusted data are less subject to the problem of shifting weights and may be used as a measure of price change.

(2) The statistical basis for deflating merchandise imports is subject to a significant margin of error.

(3) See Revision Note Section "D" page 14

(4) See Revision Note Section "E" page 14

TABLES ADJUSTED FOR SEASONAL VARIATION AND AT ANNUAL RATES

TABLE 11. National Income and Gross National Product, by Quarters, 1967 and 1968 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income	31,512	32,140	32,772	33,132	32,389	33,776	34,740	
2. Military pay and allowances	740	680	692	704	704	700	648	
3. Corporation profits before taxes	4,796	4,900	5,148	5,236	5,020	5,232	5,596	
4. Deduct: Dividends paid to non-residents(1)	- 640	- 808	- 852	- 720	- 755	- 808	- 960	
5. Rent, interest, and miscellaneous investment income	4,012	4,360	4,444	4,540	4,339	4,572	4,692	
6. Accrued net income of farm operators from farm production(2)	1,996	1,856	1,488	1,452	1,698	1,812	1,548	
7. Net income of non-farm unincorporated business(3)	2,948	3,176	3,336	3,316	3,194	3,272	3,400	
8. Inventory valuation adjustment	- 292	- 268	- 228	- 376	- 291	- 292	- 216	
9. NET NATIONAL INCOME AT FACTOR COST	45,072	46,036	46,800	47,284	46,298	48,264	49,448	
10. Indirect taxes less subsidies	8,792	8,688	8,624	8,716	8,705	9,240	9,280	
11. Capital consumption allowances and miscellaneous valuation adjustments	7,000	7,176	6,980	6,844	7,000	7,288	7,420	
12. Residual error of estimate	- 28	172	- 32	143	65	120	248	
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	60,836	62,072	62,372	62,992	62,068	64,912	66,396	
14. (Gross national product at market prices excluding accrued net income of farm operators)	(58,840)	(60,216)	(60,884)	(61,540)	(60,370)	(63,100)	(64,848)	

(1) See footnote 1, Table 1.

(2) Includes an arbitrary smoothing of crop production and standard seasonal adjustments for withdrawals of grain from farm stocks and the change in livestock items. Because of the arbitrary elements, too precise an interpretation should not be given the seasonally adjusted figures of accrued net income of farm operators.

(3) Includes net income of independent professional practitioners.

TABLE 12. Gross National Expenditure, by Quarters, 1967 and 1968 Seasonally Adjusted at Annual Rates
(million of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	36,444	37,388	38,192	38,832	37,714	39,832	40,252	
2. Government expenditure on goods and services(1, 2)	11,860	12,672	12,288	12,688	12,377	13,092	13,380	
3. Business gross fixed capital formation(3)	12,972	12,724	11,916	11,848	12,365	12,268	12,760	
4. New residential construction	1,920	2,348	2,532	2,548	2,337	2,436	2,948	
5. New non-residential construction	5,128	4,724	4,236	4,592	4,670	4,548	4,768	
6. New machinery and equipment	5,924	5,652	5,148	4,708	5,358	5,284	5,044	
7. Value of physical change in inventories	152	148	680	- 80	225	148	12	
8. Non-farm business inventories	176	208	684	- 312	189	- 12	60	
9. Farm inventories and grain in commercial channels(4)	- 24	- 60	- 4	232	36	160	- 48	
10. Exports of goods and services(5)	14,468	15,004	14,252	14,708	14,608	16,184	16,780	
11. Deduct: Imports of goods and services(6)	-15,088	-15,692	-14,988	-14,860	-15,157	-16,496	-16,544	
12. Residual error of estimate	28	- 172	32	- 144	- 64	- 116	- 244	
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	60,836	62,072	62,372	62,992	62,068	64,912	66,396	

Detail of Farm Inventories and GICC:

Value of grain crop production	1,212	1,212	1,212	1,216	1,213	1,436	1,440
Depletions of farm stocks of grain	- 1,280	- 1,476	- 1,460	- 1,156	- 1,343	- 1,440	- 1,192
Change in livestock inventories	8	72	- 60	4	6	- 20	- 124
Grain in commercial channels	36	132	304	168	160	184	- 172

(1) See footnote 1, Table 2.

(2) For details of defence expenditures, see line 3, Table 16.

(3) See footnote 3, Table 2.

(4) In the seasonally adjusted series, the value of grain production in each quarter is taken as one-fourth of the estimated value of crop production for the year as a whole (see footnote 2, Table 11). All other items in the farm inventories series are seasonally adjusted by standard techniques.

(5) See Revision Note Section "A" page 13

(6) See Revision Note Section "B" page 13

TABLE 13. Source of Personal Income, by Quarters, 1967 and 1968 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income	31,512	32,140	32,772	33,132	32,389	33,776	34,740	
2. Deduct: Employer and employee contributions to social insurance and government pension funds	- 1,972	- 2,028	- 2,132	- 1,992	- 2,031	- 2,124	- 2,196	
3. Military pay and allowances	740	680	692	704	704	700	648	
4. Net income received by farm operators from farm production(1)	2,136	1,732	1,620	1,652	1,785	2,040	1,764	
5. Net income of non-farm unincorporated business	2,948	3,176	3,336	3,316	3,194	3,272	3,400	
6. Interest, dividends, and net rental income of persons(2)	4,748	4,848	4,924	5,056	4,894	5,104	5,304	
Transfer payments to persons:								
7. From government (excluding interest)	5,884	6,236	6,200	6,572	6,223	6,644	7,168	
8. Charitable contributions by corporations	44	44	44	44	44	48	48	
9. PERSONAL INCOME	46,040	46,828	47,456	48,484	47,202	49,460	50,876	

(1) This item differs from line 6, Table 11, by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.

(2) Includes all government debt interest paid to persons.

TABLE 14. Disposition of Personal Income, by Quarters, 1967 and 1968 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Personal direct taxes	5,532	4,980	5,540	5,920	5,493	6,456	6,044	
2. Income taxes	4,948	4,396	4,964	5,308	4,904	5,828	5,432	
3. Succession duties and estate taxes	216	204	212	228	215	240	224	
4. Miscellaneous	368	380	364	384	374	388	388	
5. Personal expenditure on consumer goods and services	36,444	37,388	38,192	38,832	37,714	39,832	40,252	
6. Non-durable goods	17,768	18,388	18,844	18,952	18,488	19,380	19,528	
7. Durable goods	4,136	4,408	4,544	4,372	4,365	4,612	4,628	
8. Services(1)	14,540	14,592	14,804	15,508	14,861	15,840	16,096	
9. Personal net saving	4,064	4,460	3,724	3,732	3,995	3,172	4,580	
10. PERSONAL INCOME	46,040	46,828	47,456	48,484	47,202	49,460	50,876	
11. (Personal disposable income)(2)	(40,508)	(41,848)	(41,916)	(42,564)	(41,709)	(43,004)	(44,832)	

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 15. Government Revenue, by Quarters, 1967 and 1968 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Direct taxes - Persons	5,532	4,980	5,540	5,920	5,493	6,456	6,044	
2. Federal	3,632	3,276	3,588	3,792	3,572	4,268	3,952	
3. Provincial and municipal	1,900	1,704	1,952	2,128	1,921	2,188	2,092	
4. Direct taxes - Corporations	2,120	2,228	2,224	2,260	2,208	2,352	2,492	
5. Federal(1)	1,568	1,648	1,644	1,660	1,630	1,736	1,860	
6. (Federal tax collections)(1)	(1,776)	(1,808)	(1,800)	(1,836)	(1,805)	(1,804)	(1,532)	
7. Provincial	552	580	580	600	578	616	632	
8. (Provincial tax collections)	(584)	(600)	(616)	(648)	(612)	(696)	(640)	
Withholding taxes:								
9. Federal(2)	192	240	220	220	218	240	216	
10. Indirect taxes	9,208	9,224	9,164	9,312	9,227	9,676	9,732	
11. Federal	3,820	3,712	3,644	3,652	3,707	3,700	3,588	
12. Provincial and municipal(3)	5,388	5,512	5,520	5,660	5,520	5,976	6,144	
13. Investment income	1,856	2,144	2,268	2,328	2,149	2,168	2,280	
14. Federal	612	808	872	908	800	764	832	
15. Provincial and municipal	1,216	1,308	1,356	1,368	1,312	1,348	1,368	
16. Canada Pension Plan	28	28	40	52	37	56	80	
17. Employer and employee contributions to social insurance and government pension funds	1,972	2,028	2,132	1,992	2,031	2,124	2,196	
18. Federal	680	716	780	640	704	756	748	
19. Provincial and municipal	456	468	496	492	478	484	488	
20. Canada Pension Plan(4)	620	620	628	628	624	644	672	
21. Quebec Pension Plan(4)	216	224	228	232	225	240	288	
Transfers from Federal:								
22. Provincial and municipal	1,752	2,112	2,064	2,040	1,992	2,336	2,472	
23. TOTAL REVENUE	22,632	22,956	23,612	24,072	23,318	25,352	25,432	
24. FEDERAL	10,504	10,400	10,748	10,872	10,631	11,464	11,196	
25. PROVINCIAL AND MUNICIPAL	11,264	11,684	11,968	12,288	11,801	12,948	13,196	
26. CANADA PENSION PLAN	648	648	668	680	661	700	752	
27. QUEBEC PENSION PLAN	216	224	228	232	225	240	288	

(1) "See footnote 1, Table 5."

(2) "See footnote 2, Table 5."

(3) The quarterly figures of real property taxes unadjusted and seasonally adjusted are obtained by dividing annual totals by four since real property taxes accrue uniformly throughout the taxation year. Because in recent years, changes in real property tax rates have been generally upward this treatment gives rise to fictitious seasonal between the fourth and first quarters in the seasonally adjusted indirect taxes series.

(4) Estimates of a normal quarterly pattern have been used to seasonally adjust the contributions to the Canada and Quebec Pension Plans. No precise interpretation can be placed on the quarterly movements of these series until a later date.

TABLE 16. Government Expenditure, by Quarters, 1967 and 1968 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Goods and services	11,860	12,672	12,288	12,688	12,377	13,092	13,380	
2. Federal	4,096	4,472	4,196	4,272	4,259	4,580	4,412	
3. (Defence)	(1,644)	(1,844)	(1,952)	(1,780)	(1,805)	(1,704)	(1,820)	
4. Provincial and municipal	7,764	8,200	8,092	8,416	8,118	8,512	8,968	
5. Transfer payments to persons (excluding interest on the public debt)	5,884	6,236	6,200	6,572	6,223	6,644	7,168	
6. Federal	2,772	3,032	2,972	2,968	2,936	3,080	3,384	
7. Provincial and municipal	3,112	3,204	3,228	3,604	3,287	3,564	3,784	
8. Interest on the public debt	1,844	1,928	2,020	2,136	1,982	2,036	2,236	
9. Federal	1,140	1,208	1,280	1,352	1,245	1,256	1,424	
10. Provincial and municipal	704	720	740	784	737	780	812	
11. Subsidies	416	536	540	596	522	436	452	
12. Federal	292	436	396	436	390	304	340	
13. Provincial	124	100	144	160	132	132	112	
Capital Assistance:(1)								
14. Federal	52	60	48	100	65	80	36	
Transfers to other levels of government:								
15. Federal	1,752	2,112	2,064	2,040	1,992	2,336	2,472	
16. Total expenditure	21,808	23,544	23,160	24,132	23,161	24,624	25,744	
17. Federal	10,104	11,320	10,956	11,168	10,887	11,636	12,068	
18. Provincial and municipal	11,704	12,224	12,204	12,964	12,274	12,988	13,676	
19. Deficit (-) or surplus	824	- 588	452	- 60	157	728	- 312	
20. Federal	400	- 920	- 208	- 296	- 256	- 172	- 872	
21. Provincial and municipal	- 440	- 540	- 236	- 676	- 473	- 40	- 480	
22. Canada Pension Plan	648	648	668	680	661	700	752	
23. Quebec Pension Plan	216	224	228	232	225	240	288	
24. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	22,632	22,956	23,612	24,072	23,318	25,352	25,432	
25. FEDERAL	10,504	10,400	10,748	10,872	10,631	11,464	11,196	
26. PROVINCIAL AND MUNICIPAL	11,264	11,684	11,968	12,288	11,801	12,948	13,196	
27. CANADA PENSION PLAN	648	648	668	680	661	700	752	
28. QUEBEC PENSION PLAN	216	224	228	232	225	240	288	

(1) See footnote 1, Table 6.

TABLE 17. Source of National Saving, by Quarters, 1967 and 1968 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Personal net saving	4,064	4,460	3,724	3,732	3,995	3,172	4,580	
2. Business gross saving	7,964	8,236	7,976	8,028	8,051	8,260	8,464	
3. Undistributed corporation profits	1,052	876	1,080	1,284	1,073	1,120	1,224	
4. Capital consumption allowances and miscellaneous valuation adjustments	7,000	7,176	6,980	6,844	7,000	7,288	7,420	
5. Adjustment on grain transactions(1)	- 140	124	- 132	- 200	- 87	- 228	- 216	
6. Capital assistance	52	60	48	100	65	80	36	
7. Inventory valuation adjustment	- 292	- 268	- 228	- 376	- 291	- 292	- 216	
8. Government surplus or deficit (-)	824	- 588	452	- 60	157	728	- 312	
9. Residual error of estimate	- 28	172	- 32	148	65	120	248	
10. Totals	12,532	12,012	11,892	11,472	11,977	11,988	12,764	

(1) This item is an adjustment to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board. See also footnote 1, Table 3.

TABLE 18. Disposition of National Saving, by Quarters, 1967 and 1968 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Business gross fixed capital formation	12,972	12,724	11,916	11,848	12,365	12,268	12,760	
2. New residential construction	1,920	2,348	2,532	2,548	2,337	2,436	2,948	
3. New non-residential construction	5,128	4,724	4,236	4,592	4,670	4,548	4,768	
4. New machinery and equipment	5,924	5,652	5,148	4,708	5,358	5,284	5,044	
5. Value of physical change in inventories	152	148	680	- 80	225	148	12	
6. Surplus or deficit (-) on current account with non-residents(1)	- 620	- 688	- 736	- 152	- 549	- 312	236	
7. Residual error of estimate	28	- 172	32	- 144	- 64	- 116	- 244	
8. Totals	12,532	12,012	11,892	11,472	11,977	11,988	12,764	

(1) See Revision Note Section "C" page 13

TABLE 19. Relation between Gross National Product at Market Prices and Gross Domestic Product
at Factor Cost, by Quarters, 1967 and 1968
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. GROSS NATIONAL PRODUCT AT MARKET PRICES ..	60,836	62,072	62,372	62,992	62,068	64,912	66,396	
2. Deduct: Residual error of estimate	28	- 172	32	- 148	- 65	- 120	- 248	
3. Indirect taxes less subsidies ..	- 8,792	- 8,688	- 8,624	- 8,716	- 8,705	- 9,240	- 9,280	
4. Income received from non-residents	- 292	- 228	- 316	- 288	- 281	- 308	- 352	
5. Add: Income paid to non-residents ...	1,040	1,180	1,260	1,116	1,149	1,256	1,368	
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	52,820	54,164	54,724	54,956	54,166	56,500	57,884	

TABLE 20. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1967 and 1968(1)
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	30,788	31,224	31,508	31,788	31,327	32,292	32,304	
2. Non-durable goods	15,284	15,708	15,896	15,944	15,708	16,044	16,024	
3. Durable goods	4,100	4,308	4,424	4,200	4,258	4,456	4,444	
4. Services	11,404	11,208	11,188	11,644	11,361	11,792	11,836	
5. Government expenditure on goods and services	8,312	8,932	8,460	8,720	8,606	8,812	8,980	
6. Business gross fixed capital formation ..	9,748	9,636	9,036	8,852	9,318	9,128	9,336	
7. New residential construction	1,348	1,608	1,720	1,688	1,591	1,596	1,896	
8. New non-residential construction	3,732	3,400	3,024	3,244	3,350	3,184	3,280	
9. New machinery and equipment	4,668	4,628	4,292	3,920	4,377	4,348	4,160	
10. Change in inventories	116	100	556	- 76	174	188	64	
11. Non-farm business inventories	160	180	572	- 264	162	- 4	76	
12. Farm inventories and grain in commercial channels	- 44	- 80	- 16	188	12	192	- 12	
13. Exports of goods and services (3)	12,396	12,796	12,148	12,528	12,467	13,624	14,112	
(of which merchandise)	(10,252)	(10,304)	(9,524)	(10,440)	(10,130)	(11,508)	(11,844)	
14. Deduct: Imports of goods and services (4)	- 12,832	- 13,296	- 12,720	- 12,488	- 12,834	- 13,668	- 13,660	
(of which merchandise) (2)	(9,624)	(9,868)	(9,604)	(9,332)	(9,607)	(10,276)	(10,176)	
15. Residual error of estimate	24	- 140	24	- 112	- 51	- 88	- 188	
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	48,552	49,252	49,012	49,212	49,007	50,288	50,948	

(1) See footnote 1, Table 10.

(2) See footnote 2, Table 10.

(3) See Revision Note Section "D" page 14

(4) See Revision Note Section "E" page 14

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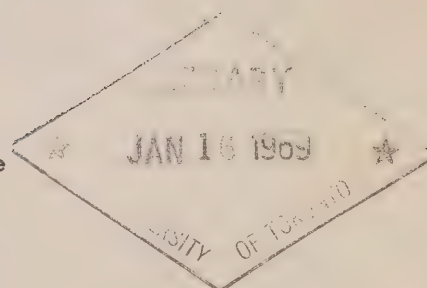


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THIRD QUARTER 1968

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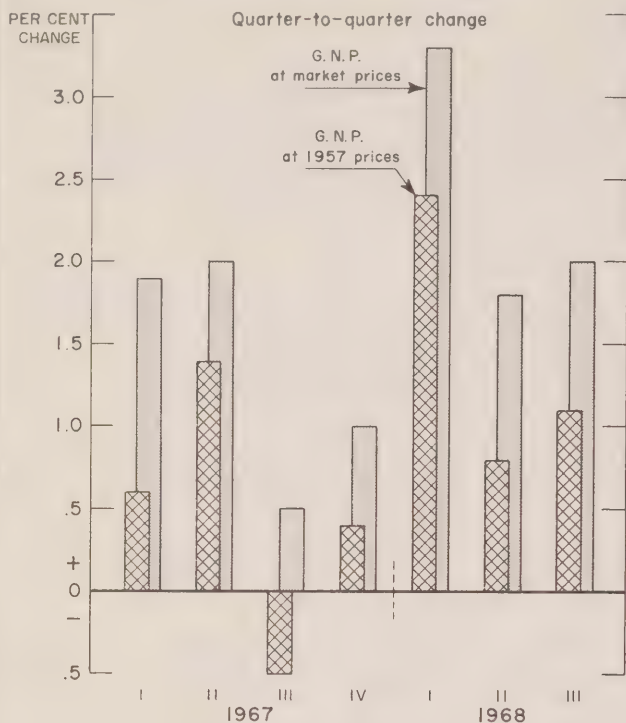
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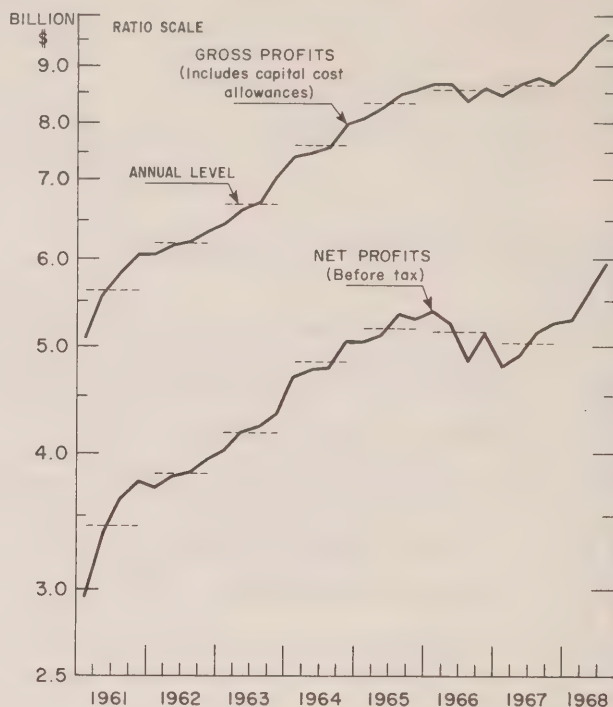
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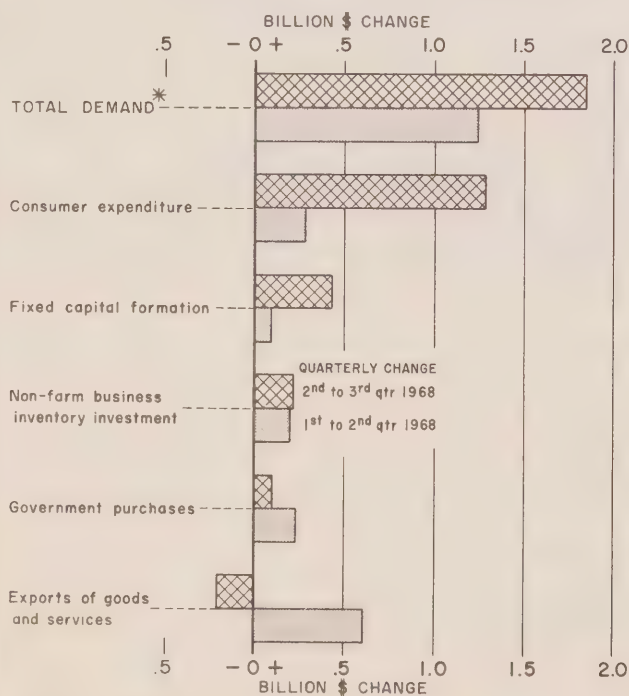
G.N.P. in the third quarter rose 2 per cent at current prices and 1.1 per cent in real terms.



Third quarter net corporation profits rose to a peak level 5½ per cent over the second quarter.



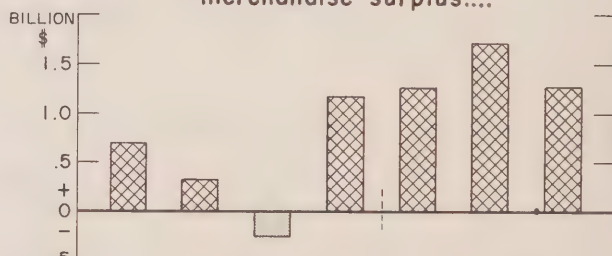
Total demand rose \$1.8 billion, or 2.2 per cent, paced by consumer and business spending.



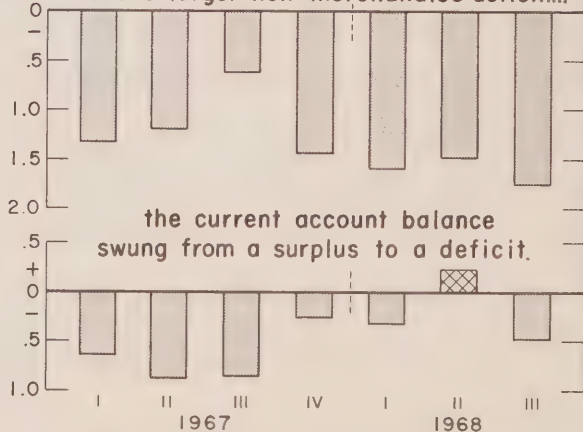
*G.N.P. + Imports

ALL DATA SEASONALLY ADJUSTED AT ANNUAL RATES

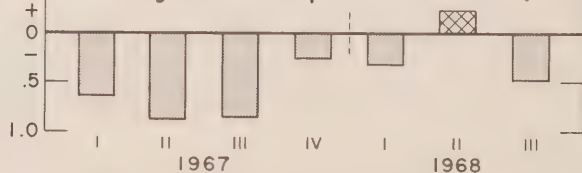
Because of a decline in the merchandise surplus....



and a larger non-merchandise deficit....



the current account balance swung from a surplus to a deficit.



Revised figures used for 1967 current account

INTRODUCTORY REVIEW - THIRD QUARTER 1968

In the third quarter the gross national product reached a level of \$67.6 billion, seasonally adjusted at annual rates, continuing the more rapid pace of economic activity since the slowdown in the latter half of 1967. The output of goods and services increased by 2 per cent. Expansion of domestic demand intensified, paced by a pronounced upsurge in personal expenditure.

With a rise in the price component of 0.8 per cent -- lower than in the previous quarter -- the increase in GNP in real terms was 1.1 per cent. Together with earlier advances in the year, the increase in volume has been 4.5 per cent from the fourth quarter of 1967.

With the data now available, it is possible to suggest orders of magnitude for the value of GNP for the entire year. If, for example, there were no increase in the fourth quarter after adjustment for seasonal variation, the advance from 1967 would be 7.4 per cent. If a 2 per cent rise were assumed, the increase for the year would be 7.9 per cent.

Total demand increased by over 2 per cent in the third quarter, compared with 1-1/2 per cent in the second. Exports declined after large gains in the first half of the year, while domestic demand increased by a substantial 3 per cent. After weakening in the second quarter, personal outlays jumped by over 3 per cent, the largest rise in two years; the greatest percentage advance was in durables, reflecting mainly a 16 per cent gain in new car purchases, but widespread increases also occurred among non-durable and service components. Business gross fixed capital formation rose by 3-1/2 per cent from the revised second quarter, largely the result of a 7-1/2 per cent increase in expenditure on machinery and equipment; construction outlays increased marginally as residential construction slipped fractionally from the high second quarter level and the non-residential component continued the 1968 pattern of small gains. Accumulation of non-farm business inventories continued in the quarter, with the main strength at the manufacturing level. Government expenditure increased by less than 1 per cent, all at the federal level.

In the external sector, the deficit on current account on a national accounts basis stood at \$480 million, as exports of goods and services declined by 1 per cent after strong increases in the first and second quarters, while imports rose 3 per cent after remaining virtually flat in the previous quarter. The merchandise surplus declined by \$436 million, as exports decreased by 1-1/2 per cent and imports advanced 2 per cent; the non-merchandise deficit widened by \$276 million as exports declined marginally and imports rose 5-1/2 per cent. Increased demand for machinery and equipment and consumers' services were reflected by higher imports of producers' equipment and a jump of almost 25 per cent in payments in the tourist and travel account.

Net corporation profits before taxes rose a further 5-1/2 per cent after the large second quarter advance while gross profits, which include capital consumption allowances, increased by 3 per cent. Labour income advanced by 2 per cent, as the gain in goods-producing industries slowed from 3 per cent in the second quarter to 1 per cent. Non-agricultural employment increased by less than 1 per cent, while the unemployment rate was almost unchanged at 5.1 per cent of the labour force.

Price Movements

In the third quarter, prices rose by 0.8 per cent, a lower rate than the 1.0 per cent advance of the previous quarter. Lower rates of increase were registered in the price indexes of business gross fixed capital formation, exports and imports, while personal expenditure prices advanced at the same rate as in the preceding quarter.

The personal expenditure price index registered a second successive increase of 0.9 per cent, as a lower rate of increase in goods offset an acceleration in the price component of services. The service index rose by 1.5 per cent, the highest rate in four quarters; increases of 3.0 per cent and 2.2 per cent respectively were recorded in the prices of purchased transportation and recreation, while the rent component continued its upward trend with a 1.4 per cent rise. Non-durable prices rose by 0.6 per cent, a slightly lower rate than in the second quarter. All items except alcoholic beverages showed increases, with the larger gains occurring in the indexes for fuel, electricity, newspapers and magazines. Food prices, after declining fractionally in the preceding three months, advanced by 0.6 per cent; declines occurred in the prices of fresh fruits and vegetables while increases were noted in the prices of meat and miscellaneous groceries. Durable goods prices declined fractionally, with lower prices for new automobiles and household electrical appliances almost offset by increases for furniture and jewellery.

The price of business gross fixed capital formation increased by 0.8 per cent, the lowest rate in four quarters. Prices for machinery and equipment rose by 1.0 per cent following a slight decline in the second quarter, while the rate of increase for construction eased noticeably.

The price indexes of both exports and imports increased fractionally, with declines in the merchandise components offset by higher prices for services. Contributing to the lower prices for merchandise exports were declines in crude petroleum, natural gas, newsprint paper, iron ore and zinc; particularly notable was a drop of 12.7 per cent in the price of copper.

Selected Base Weighted Price Indexes, Seasonally Adjusted
Percentage Change from Previous Quarter

	1966			1967				1968		
	II	III	IV	I	II	III	IV	I	II	III
Personal expenditure	1.0	0.6	0.9	0.4	1.3	1.3	0.7	1.2	0.9	0.9
Non-durable goods	1.1	0.5	0.5	-0.1	0.8	1.2	0.4	1.8	0.7	0.6
Durable goods	0.8	-0.3	1.2	-0.2	1.4	1.0	1.1	-0.4	0.5	-0.1
Total goods	1.1	0.4	0.6	-	0.8	1.2	0.5	1.3	0.7	0.5
of which: food	1.2	0.7	-0.2	-0.9	-0.6	2.0	0.8	1.4	-0.1	0.6
non-food	0.9	0.2	1.1	0.4	1.6	0.7	0.4	1.3	1.1	0.4
non-food non-durables	1.1	0.4	1.1	0.6	1.8	0.6	-	2.1	1.4	0.7
Services, excluding net expenditure abroad	1.1	1.0	1.2	1.3	2.1	1.5	0.8	0.9	1.2	1.5
Business gross fixed capital formation	1.2	1.2	1.0	1.2	-0.8	-0.2	1.0	1.1	1.0	0.8
Residential construction	1.5	2.1	2.2	0.9	2.1	1.0	2.5	1.3	1.8	1.2
Non-residential construction	1.5	1.4	1.3	1.5	1.2	0.7	1.1	0.9	1.8	0.5
Machinery and equipment	0.7	0.8	0.2	1.0	-3.8	-1.6	0.1	1.2	-0.2	1.0
Exports	0.5	1.6	0.6	0.4	-	0.1	0.6	1.2	0.6	0.1
of which merchandise	0.5	1.6	0.4	0.2	-0.4	-0.3	0.4	1.2	0.2	-0.3
Gross National Expenditure (excluding inventories)	1.2	1.2	1.0	1.3	0.5	1.0	0.7	0.9	1.0	1.0
Gross National Expenditure (implicit prices)	1.1	1.3	0.7	1.3	0.6	1.0	0.5	0.9	1.0	0.8

The Components of Demand

Personal Expenditure on Goods and Services

Personal expenditure reached a level of nearly \$41.5 billion, seasonally adjusted at annual rates, an increase of over 3 per cent from the second quarter. All three major aggregates contributed to the advance, the largest in two years, but most prominent was the 8-1/2 per cent increase in outlays for durables.

The rise in durables was heavily concentrated in new car purchases, which advanced almost 16 per cent; expenditures on cars produced in North America rose by 15 per cent after a decline in the previous quarter, while the overseas-produced cars component registered an increase of almost 25 per cent. Other durable items showing significant increases were appliances and radios, and home furnishings -- 7-1/2 per cent and 4-1/2 per cent respectively; furniture outlays declined by 3 per cent.

Increases among non-durable components were widespread and generally modest. Exceptions were the 8-1/2 per cent advance in expenditures on energy sources following a 5 per cent decline in the second quarter, and the 2 per cent decline in expenditures on alcoholic beverages. The food component showed an increase of one-half of one per cent.

Most components of the services aggregate showed advances of between 1-1/2 and 2-1/2 per cent. Only the recreation series declined, by 1-1/2 per cent.

Business Gross Fixed Capital Formation

Outlays on fixed capital rose from a rate of \$12.6 billion to \$13.0 billion, or by 3-1/2 per cent, after allowance for seasonal factors. The bulk of this gain stemmed from increased spending on machinery and equipment as total construction activity increased only moderately in the third quarter.

The annual rate of residential construction slowed from a revised second quarter level of \$2,844 million to \$2,828 million. While completions edged up from an annual rate of 170,300 to 173,900 in the quarter, starts declined from 191,200 to 172,300.

Estimated outlays on non-residential construction rose from a revised \$4,704 million to \$4,768 million at adjusted annual rates. Although a breakdown of this figure is not available, a large part of the 1-1/2 per cent rise appears to have been in building-type construction work.

Machinery and equipment investment rose 7-1/2 per cent over the second quarter to a level of \$5,412 million at annual rates, seasonally adjusted. This sharp upswing was reflected both in higher domestic shipments and in higher imports of machinery.

Non-Farm Business Inventories

Inventory accumulation gathered momentum in the third quarter of 1968 after a slight liquidation in the first quarter and a moderate increase in the second. The accumulation of \$400 million (seasonally adjusted at annual rates) was widespread, occurring at all industrial levels. It may be noted that the level of stocks does not appear unduly high in relation to output.

Value of Physical Change in Non-Farm Business Inventories (Seasonally Adjusted at Annual Rates)

	1968		
	1Q	2Q	3Q
	(millions of dollars)		
Manufacturing	-132	-276	260
Durables	-120	-204	204
Non-durables	-12	-72	56
Wholesale	24	-56	40
Retail	284	364	140
"Other" Industries	-188	156	-40
Grand Total	-12	188	400

Substantial accumulation in manufacturers' stocks, following two quarters of liquidation, accounted for almost two-thirds of the increased investment. Most of this occurred at the durable level, with the build-up in the transportation industries especially notable. Among non-durables, the overall accumulation was almost entirely attributable to the food and paper industries; most other industries experienced stock liquidation. Additions to manufacturers' stocks took place at all stages of production, but particularly in raw materials. In spite of the build-up, the stock-to-shipments ratio was well below that of the preceding quarter. Moreover, new orders increased even more than shipments, leaving a backlog of unfilled orders.

The modest increase in the stocks of wholesale traders occurred entirely in non-durables. In durables, the trend toward accumulation, which had persisted since the first quarter of 1967, gave way to a liquidation. For wholesale trade in total, the stock-to-sales ratio fell sharply this quarter.

Investment by retail traders slowed noticeably in the quarter after large accumulation in the first half of the year. All of the increase was at the non-durable level, mostly food. The stock-to-sales ratio was unchanged for the fourth consecutive quarter.

Exports and Imports of Goods and Services

With exports of goods and services dropping by over 1 per cent and imports increasing by 3 per cent, the balance on current account for the quarter swung from a surplus of \$232 million at annual rates to a deficit of \$480 million. The merchandise surplus dropped from \$1,708 million to \$1,272 million, while the non-merchandise deficit widened from \$1,476 million to \$1,752 million.

Exports and Imports of Goods and Services (Seasonally adjusted, at annual rates)

	Exports			Imports		
	II Q'68	III Q'68	Percentage Change	II Q'68	III Q'68	Percentage Change
	(millions of dollars)					
Goods	13,524	13,336	-1.4	11,816	12,064	2.1
Services	3,252	3,236	-0.5	4,728	4,988	5.5
Gold production for export	116	108	-6.9			
Tourist and travel	1,080	1,032	-4.4	904	1,120	23.9
Interest and dividends	352	400	13.6	1,368	1,404	2.6
Freight and shipping	928	908	-2.2	936	920	-1.7
Other transactions	776	788	1.5	1,520	1,544	1.6
Total	16,776	16,572	-1.2	16,544	17,052	3.1

The deterioration in non-merchandise trade is mainly attributable to a drop in tourist and travel receipts of \$48 million at annual rates, and a rise in payments of \$216 million.

Merchandise exports fell by about 1-1/2 per cent from the second quarter level. Declines were marked in farm and fish products; forest products; fertilizers; aircraft and parts; metals and minerals -- particularly primary iron and steel, iron ore, and copper products.

Merchandise imports climbed some 2 per cent over the second quarter level. Increases were registered in industrial materials, producers' equipment, motor vehicles and parts, other transportation equipment, food and other consumer goods.

Government Sector

Total revenues of all levels of government (excluding inter-governmental transfers) increased from \$23,172 million to \$24,148 million, slightly over 4 per cent. A large portion of the increase occurred in revenues from personal direct taxation which rose by over 9 per cent from the irregularly low second quarter.

Revenues from indirect taxes rose by almost \$200 million with the bulk of the increase at the federal level. An increase of \$136 million in corporation tax liabilities was associated with the gain in corporate profits. Investment income showed little change with a gain at the federal level being almost offset by a decline at the provincial-municipal level.

Expenditures of all governments combined rose by just under 2 per cent. Outlays on goods and services rose by \$96 million due to higher federal non-defence outlays; provincial-municipal expenditures on goods and services declined slightly.

Transfer payments to persons rose by about 1 per cent in the quarter, although there were partially offsetting movements at the various levels of government. Provincial-municipal payments increased sharply, mainly reflecting payments made in Ontario under "The Residential Property Tax Reduction Act". Federal transfer payments declined with the decreases in a miscellaneous group of payments, including grants and scholarships and adult retraining payments, more than offsetting a rise in unemployment insurance payments.

With total revenues rising more rapidly than expenditures, the government sector, including the Canada and Quebec Pension Plans, moved from a deficit, on a national accounts basis and seasonally adjusted at annual rates, of \$128 million in the second quarter to a surplus of \$432 million in the third quarter. Most of the change came at the federal level where the deficit narrowed sharply from \$908 million to \$148 million; the provincial-municipal deficit widened from \$216 million to \$436 million. There was little change in the surpluses of the Canada and Quebec Pension Plans.

The Components of Income

Labour Income

Total labour income increased by nearly 2 per cent in the third quarter, a lesser rate than in the previous quarter. The advance in the goods-producing industries was 1 per cent, compared with 3 per cent in the second quarter, while the increase for service-producing industries was slightly over 2 per cent.

All industries in the goods-producing sector shared in the lower rate of advance. Manufacturing increased by 1-1/2 per cent, mainly the result of higher average hourly earnings; average hours worked showed a decline, while employment increased only slightly. In construction the gain was only one half of one per cent; the effect of higher average hourly earnings was dampened by lower employment. A slight decline was recorded in the primary industries.

Among the service-producing industries, notable increases were registered in trade, 2-1/2 per cent, and in the finance and service industries, 3 per cent. The transportation, storage and communication group advanced by about 1 per cent despite the postal strike. A small decrease was recorded in government.

Investment Income

Net corporation profits scored a second successive strong advance in the third quarter to reach a new peak of \$5,940 million, sustaining the rising tempo which began after the first quarter 1967 trough. The rise in profits, which resulted partly from a drop in capital cost allowances, was over 5 per cent in the third quarter of 1968; on a gross basis, profits rose 3 per cent.

Profit improvements were general among the industry groups. Moderate increases occurred in mining, transportation storage and communication, and both wholesale and retail trade. Larger increases were registered in finance, 12 per cent; utilities, 28 per cent; and service, 26 per cent. Profits of the manufacturing group were little changed.

Within the manufacturing group, profit movements were diverse. Advances of 5 and 10 per cent were recorded in the metals and chemical industries respectively. Very moderate rises in profits were experienced in the rubber, wood, and electrical products industries. The non-metallic minerals and paper industries recorded a noticeable 19 per cent decline, while less abrupt decreases were registered in the textile, printing, and petroleum and coal industries.

Net Income of Non-Farm Unincorporated Business

Net income of non-farm unincorporated business, seasonally adjusted at annual rates, rose to \$3,476 million, slightly over 2 per cent higher than the previous quarter.

Retail trade accounted for just under half of this increase, while smaller gains were made in the construction and service industries.

Accrued Net Income of Farm Operators

During the third quarter, accrued net income of farm operators rose to \$1,724 million, 9 per cent over the second quarter, reflecting gains in all components of income.

With the value of both grain and livestock production showing only marginal increases, the gain was almost entirely due to higher receipts from the sale of other farm products. In this category the most notable increase took place in dairy subsidy payments.

Production by Industry

The seasonally adjusted Index of Real Domestic Product rose by 1.0 per cent to a level of 145.2

from the revised second quarter level of 143.8. The service-producing industries increased by 1.2 per cent, while the advance in goods-producing industries was 0.7 per cent.

Trade accounted for almost half of the total third quarter increase. Retail trade rose by 4 per cent; almost half of this came from an acceleration in sales of motor vehicle dealers, which more than offset a drop in sales of liquor, beer and wine stores (affected by strikes in Quebec and Ontario). Wholesale trade increased by 3-1/2 per cent.

Electric power, gas and water utilities advanced 6 per cent after a small dip in the second quarter (natural gas was affected by relatively warm weather in April).

Manufacturing industries rose by one half of 1 per cent in the third quarter, with an increase of 3 per cent in durables more than offsetting a drop of 2 per cent in non-durables. An advance in motor vehicle manufactures and a drop in the strike-affected paper and allied industries group were the most significant changes.

Construction declined 2 per cent, with falls of 1 to 8 per cent in the highways, engineering, and non-residential building components. Residential construction was almost unchanged from its second quarter level.

The transportation, storage and communication index was slightly less than it was at the end of the second quarter. It was affected by the St. Lawrence Seaway, the postal, and the grain handlers' strikes.

INTRODUCTORY REVIEW - FIRST NINE MONTHS 1968

For the first three quarters GNP was 7.6 per cent higher than in the same period of 1967, compared with a 6.8 per cent gain for the full year 1967. In volume terms, the advance was 4.4 per cent, well above the 2.8 per cent increase of the previous year.^{1/}

Continued buoyancy in personal expenditure and intensified demand for new housing and merchandise exports were the salient features of the expansion. Personal outlays increased by 8-1/2 per cent, paced by vigorous demand for durables, especially for new cars. Expenditure on new residential construction jumped by 20 per cent, and more than offset a 3 per cent decline in outlays for plant and equipment. Merchandise exports rose by 19 per cent, almost twice the rate of advance of 1967; imports also increased, but less rapidly, with the result that the merchandise surplus advanced to over \$1 billion. Government expenditures also contributed to total demand, but the 7 per cent increase was appreciably lower than in the previous year; particularly notable was the slowdown at the federal level.

Among components of income, net corporation profits increased by 14-1/2 per cent following declines in both 1966 and 1967; gross profits rose by 8-1/2 per cent after only a slight advance in the previous year. Labour income increased by 8 per cent, slightly down from the 1967 rate. Employment increased by just over 1-1/2 per cent in the first nine months, about half as rapidly as in the previous year; the growth in the labour force also slowed, but by a lesser amount, while the unemployment rate rose to 5.0 per cent compared with 4.1 per cent for 1967.

Price Movements

In the first nine months of 1968, the price component of gross national product rose 3.1 per cent from the corresponding period of 1967 compared with the 3.9 per cent advance for the full year 1967. Significantly higher import prices -- which are reflected in the components of gross national expenditure but are subtracted from the aggregate deflator -- contributed to the lower price increase.

Prices of consumer goods and services rose by 3.8 per cent, a higher rate than in the previous year. Non-durable goods prices increased by 3.8 per cent, twice the rate of advance of a year ago; all items except drugs shared in the rise, with the more prominent increases occurring in tobacco, alcoholic beverages, gasoline and electricity. Food prices turned up by 3.4 per cent after only a fractional increase in 1967. The price component of both durable goods and services registered smaller increases than in 1967.

Prices for gross fixed capital formation accelerated somewhat, as a lesser decline in the price of machinery and equipment offset some slowing in the indexes for construction. The price component of residential construction rose 6.9 per cent, while the non-residential price index advanced 4.4 per cent.

Export prices increased at the same rate as in 1967, 1.7 per cent, though the merchandise price index advanced more rapidly; higher prices for fabricated materials and end-products more than offset declines in the prices of wheat and alcoholic beverages.

^{1/} Real Domestic Product at factor cost by industry of origin, an alternative but conceptually somewhat different measure of economic production, shows a 3.7 per cent advance for the first nine months of 1968. Among the differences between the two series are market price valuation versus factor cost, the use of national versus domestic boundaries, and the use of different weight-base periods.

Value, Volume, and Price
Percentage change, 9 months 1968 over 9 months 1967

	Value	Volume	Price
Personal expenditure	8.4	4.4	3.8
Non-durable goods	6.4	2.6	3.8
Durable goods	8.9	7.1	1.7
Total goods	6.9	3.6	3.2
of which: food	4.9	1.4	3.4
non-food goods	8.0	4.7	3.2
non-food non-durable	7.7	3.5	4.0
Services, excluding N.E.A.	7.3	2.7	4.5
Government expenditure on goods and services	6.8	1.7	5.0
Business gross fixed capital formation	1.0	-1.8	2.8
New residential construction	20.1	12.4	6.9
New non-residential construction	-	-4.2	4.4
New machinery and equipment	-5.8	-4.8	-1.1
Exports of goods and services	13.4	11.6	1.7
Gross available supply	7.9	4.5	3.2
Imports of goods and services	9.5	6.5	2.8
Gross National Expenditure	7.6	4.4	3.1

Components of Demand

Personal Expenditure

The rate of increase for personal expenditure for the first nine months of 1968 was marginally higher than for the year 1967; however, each of the three main categories exhibited a markedly different pattern from the previous year. Outlays on durables increased at a rate nearly twice as fast as in 1967; most prominent in this result were new automobile purchases which increased at a rate about seven times as fast as in the previous year. The rate of advance in services was significantly higher than in the previous year, while that for non-durables was sharply reduced.

The following table shows the pattern of increase in personal expenditure in the first nine months of this year from the same period of 1967 compared with the change between the full years 1966 and 1967:

	1966 to 1967 Percentage change	9 months 1967 to 9 months 1968 Percentage change
Total non-durable goods	9.2	6.4
Food	6.0	4.9
Tobacco and alcoholic beverages	9.3	3.9
Clothing	7.3	5.2
Other	15.8	10.7
Total durable goods	4.7	8.9
Automobiles, new and used	2.9	10.5
Household durables	6.4	6.6
Other	6.5	8.7
Total all goods	8.3	6.9
Total services excluding net expenditure abroad	11.5	7.3
Total services including net expenditure abroad	8.1	10.6
Total personal expenditure	8.2	8.4

Business Gross Fixed Capital Formation

Business fixed capital formation in the first nine months of 1968 increased by 1 per cent over the same period of last year. A breakdown of the total for the same period shows new residential construction 20 per cent ahead, non-residential construction unchanged, and machinery and equipment almost 6 per cent lower.

Housing starts will reach a record total surpassing 190,000 in 1968 according to Central Mortgage and Housing Corporation December estimates. In the first nine months of the year about 15,000 more units were started than in the same period of 1967, with most of the increase occurring in urban centres of 10,000 or more. Multiple dwellings gained by 16,400 while singles dropped by about 1,500. NHA financed units dropped by about 4,400, while starts financed without NHA loans gained by 19,400.

Contracts awarded for non-residential construction in the first nine months of 1968 were reported to be 3 per cent above the same period of 1967. Increases in institutional and business awards outweighed decreases in engineering and industrial awards.

Non-Farm Business Inventories

For the first 9 months of 1968, the value of physical change in non-farm business inventories was \$392 million, an increase of \$44 million over the same period of 1967. Nearly 80 per cent of this increase was concentrated in retail trade. Most of the accumulation was in non-durable goods.

Exports and Imports of Goods and Services

During the first nine months of the year, the deficit on current account with non-residents, on a national accounts basis, narrowed to \$63 million from \$520 million in the same period of the previous year. (Preliminary 1967 figures published in 1967 national accounts set the deficit at \$448 million). The improvement of \$457 million came about from an increased surplus of \$879 million on merchandise trade, offsetting a deterioration of \$422 million in non-merchandise trade.

Exports and Imports of Goods and Services (Nine Months Not Seasonally Adjusted)

	<u>Exports</u>			<u>Imports</u>		
	1967 ^P	1967 ^R	1968	1967 ^P	1967 ^R	1968
(Millions of Dollars)						
Nine months of year:						
Goods	8,330	8,330	9,911	8,143	8,140	8,842
Services	2,541	2,634	2,423	3,176	3,344	3,555
Gold production for export	86	86	84			
Tourist and travel	1,136	1,136	862	717	717	827
Interest and dividends	179	184	226	774	791	905
Freight and shipping	591	619	674	632	652	690
Official contributions				148	152	104
Other transactions	549	609	576	905	1,032	1,029
Total	10,871	10,964	12,334	11,319	11,484	12,397

P - preliminary published.

R - revised.

The main element in the larger service account deficit of \$422 million was the deterioration by \$384 million of the net balance on tourist and travel transactions. Receipts fell \$274 million from the high level attained in 1967 while payments rose \$110 million.

Largest increases in exports were recorded in metals and minerals, automotive products and forest products. In imports, notable increases occurred for motor vehicles and parts and for consumer goods. Producers' equipment purchases dropped by 3.9 per cent, in line with a lower machinery investment program.

The Government Sector

Revenues of all governments combined, excluding inter-governmental transfers, rose by 11-1/2 per cent in the first nine months of 1968 compared with the same period last year. Total government expenditure increased by somewhat less, 10 per cent, with the result that the saving of the government sector increased by \$240 million.

About half of the gain in government revenues occurred in personal direct taxes. The increase was largest at the federal level and was partly associated with the imposition of a surcharge on personal incomes at the beginning of 1968. Revenues from indirect taxes also rose substantially; the gain was concentrated at the provincial-municipal level and reflected higher gasoline, sales, and property tax rates. Gains of smaller magnitude were made in the other revenue components.

Higher transfer payments to persons accounted for a major portion of the increase in total spending. The further lowering of the age limit for old age security pensions and higher unemployment insurance payments, reflecting both a change in the benefit rates and higher levels of unemployment, were mainly responsible for the increase at the federal level. At the provincial-municipal level, higher grants to hospitals and educational institutions, social assistance payments, and payments under the new Ontario "Residential Property Tax Reduction Act" accounted for most of the rise.

Spending on goods and services increased by over \$600 million in the period under review. Most of the increase took place at the provincial-municipal level. Federal spending in this area rose by just over \$100 million. The increase occurred in non-defence outlays and was associated with higher wage and salary payments and capital outlays; defence expenditures declined somewhat.

Federal transfer payments to the provincial and municipal governments increased by somewhat over \$300 million in the first nine months of 1968. Increases in transfers under the Canada Assistance Plan, higher transfers under taxation agreements, and post-secondary education grants accounted for much of the rise.

With total federal expenditures rising more sharply than revenues, the federal government registered a higher deficit in the first nine months of 1968 than in the first nine months of 1967. At the provincial-municipal level, the deficit narrowed by over \$200 million and accounted for most of the change in the surplus of the government sector.

Components of Income

Labour Income

During the first nine months of 1968, total labour income was about 8 per cent higher than for the equivalent period of 1967. This compares with rises of 9.2 and 13.3 per cent during 1967 and 1966. Most of the advance over last year resulted from increases in average weekly earnings, principally caused by gains in average hourly earnings. The gain recorded in average weekly earnings was about the same as in 1967, and about 1 per cent more than in 1966. Employment on the other hand increased more slowly than in the two preceding years.

In the goods-producing industries, wages and salaries were 4.6 per cent higher than in the first three quarters of 1967. This compares with gains of almost 6 per cent and 13-1/2 per cent in 1967 and 1966. Manufacturing, which was affected by labour disputes to a larger degree this year than in 1967, increased by just over 5-1/2 per cent. Construction advanced by only 1 per cent and the primary industries rose by slightly less than 5 per cent.

Wages and salaries in the service-producing industries were about 10-1/2 per cent greater than during the first nine months of 1967. This is slightly less than the gains recorded in the two previous years. The transportation, storage and communication industry, which was seriously affected by labour disputes, had the lowest rate of increase -- 6 per cent. All other industries recorded advances of between 9 and 11-1/2 per cent.

Investment Income

An advance of over 14 per cent was experienced in profits for the first three quarters of 1968, as compared to 1967. Movement was strongly upward in a majority of industries. Profits mounted in the mining industry, 17 per cent, manufacturing, 20 per cent, wholesale trade, 10 per cent, and finance, 27 per cent. Retail trade and utilities recorded marginal advances, while the transportation storage and communication, and service industries registered declines of 4 and 19 per cent respectively.

Most of the industries within the manufacturing group showed profit improvement. Noticeable rates of expansion were registered in the textile industry, with a 69 per cent improvement; wood, 65 per cent; metals, 20 per cent; electrical products, 49 per cent; non-metallic minerals, 61 per cent; chemicals, 23 per cent; and food and beverages, 20 per cent. Profit rise was less pronounced in the paper, and printing and publishing industries. In the petroleum and coal industry profits fell by 9 per cent, and by 8 per cent in the rubber industry.

Rent, interest and miscellaneous investment income for the first three quarters of 1968 increased by 9 per cent over the corresponding period of 1967.

Net Income of Non-Farm Unincorporated Business

During the first nine months of the year, net income of non-farm unincorporated business increased nearly 7-1/2 per cent over the corresponding period in 1967. All industries recorded gains during the period, the most significant increases occurring in construction, retail trade and service.

Accrued Net Income of Farm Operators

Over the first three quarters of 1968, accrued net income of farm operators from farming operations fell by just over 2-1/2 per cent from the level reached a year ago. The value of grain production rose somewhat, while the value of livestock production declined. Cash income from the sale of all other farm products showed little change. Operating expenses continued to rise and contributed substantially to the decline in net income.

Net income of farm operators, which is reflected in personal income, rose 7 per cent over the previous year due to record high payments made by the Canadian Wheat Board.

Revision Note

The Balance of Payments Division revised data for 1966 and 1967 in the second quarter of 1968. Revised figures are shown in "Quarterly Estimates of the Canadian Balance of International Payments", DBS 67-001, starting with their report for the second quarter. These revisions have not been incorporated in the National Accounts. They are shown below on a National Accounts basis.

		Unadjusted for Seasonality		Seasonally Adjusted Annual Rates	
		(million dollars)			
		Published	Revised	Published	Revised
(A) Exports of goods and services					
1966 - 1st quarter	.....	2,729	2,742	12,660	12,552
2nd	.....	3,253	3,265	12,820	12,736
3rd	.....	3,624	3,642	13,276	13,456
4th	.....	3,467	3,479	13,536	13,768
Year	.....	13,073	13,128	13,073	13,128
1967 - 1st quarter	.....	3,151	3,188	14,468	14,520
2nd	.....	3,842	3,854	15,004	14,964
3rd	.....	3,878	3,922	14,252	14,512
4th	.....	3,737	3,784	14,708	14,996
Year	.....	14,608	14,748	14,608	14,748
(B) Imports of goods and services					
1966 - 1st quarter	.....	3,133	3,137	13,548	13,524
2nd	.....	3,655	3,672	13,996	13,944
3rd	.....	3,609	3,635	14,676	14,712
4th	.....	3,883	3,916	14,900	15,260
Year	.....	14,280	14,360	14,280	14,360
1967- 1st quarter	.....	3,485	3,540	15,088	15,168
2nd	.....	4,139	4,183	15,692	15,848
3rd	.....	3,695	3,761	14,988	15,380
4th	.....	3,838	3,931	14,860	15,264
Year	.....	15,157	15,415	15,157	15,415
(C) Surplus or deficit (-) on current account with non-residents					
1966 - 1st quarter	.....	-404	-395	-888	-972
2nd	.....	-402	-407	-1,176	-1,208
3rd	.....	15	7	-1,400	-1,256
4th	.....	-416	-437	-1,364	-1,492
Year	.....	-1,207	-1,232	-1,207	-1,232
1967 - 1st quarter	.....	-334	-352	-620	-648
2nd	.....	-297	-329	-688	-884
3rd	.....	183	161	-736	-868
4th	.....	-101	-147	-152	-268
Year	.....	-549	-667	-549	-667

(continued on page 18)

Revision Note - continued

	Unadjusted for Seasonality		Seasonally Adjusted, annual rates	
	Published	Revised	Published	Revised
(million dollars)				
(D) Exports of goods and services (Constant (1957) dollars)				
1966 - 1st quarter	2,415	2,423	11,152	11,040
2nd	2,846	2,854	11,212	11,124
3rd	3,095	3,108	11,380	11,536
4th	2,989	2,998	11,636	11,832
Year	11,345	11,383	11,345	11,383
1967 - 1st quarter	2,714	2,739	12,396	12,412
2nd	3,281	3,286	12,796	12,748
3rd	3,273	3,299	12,148	12,328
4th	3,199	3,231	12,528	12,732
Year	12,467	12,555	12,467	12,555
(E) Imports of goods and services (Constant (1957) dollars)				
1966 - 1st quarter	2,701	2,702	11,716	11,684
2nd	3,140	3,152	12,044	11,988
3rd	3,077	3,096	12,544	12,560
4th	3,322	3,344	12,656	12,944
Year	12,240	12,294	12,240	12,294
1967 - 1st quarter	2,956	2,994	12,832	12,872
2nd	3,505	3,537	13,296	13,420
3rd	3,126	3,175	12,720	13,012
4th	3,247	3,316	12,488	12,784
Year	12,834	13,022	12,834	13,022

TABLES UNADJUSTED FOR SEASONAL VARIATION

TABLE 1. National Income and Gross National Product, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income ..	7,629	8,076	8,369	8,315	32,389	8,206	8,705	9,092
2. Military pay and allowances	183	172	173	176	704	173	159	184
3. Corporation profits before taxes	1,016	1,354	1,270	1,380	5,020	1,129	1,574	1,464
4. Deduct: Dividends paid to non-residents(1)	- 153	- 153	- 174	- 275	- 755	- 190	- 188	- 193
5. Rent, interest, and miscellaneous investment income	979	1,055	1,090	1,215	4,339	1,107	1,136	1,170
6. Accrued net income of farm operators from farm production(2)	148	215	1,211	124	1,698	69	68	1,395
7. Net income of non-farm unincorporated business(3)	626	776	820	972	3,194	690	840	857
8. Inventory valuation adjustment(4)	- 79	- 85	- 33	- 94	- 291	- 79	- 62	- 40
9. NET NATIONAL INCOME AT FACTOR COST	10,349	11,410	12,726	11,813	46,298	11,105	12,232	13,929
10. Indirect taxes less subsidies	2,168	2,163	2,164	2,210	8,705	2,321	2,301	2,395
11. Capital consumption allowances and miscellaneous valuation adjustments	1,695	1,852	1,718	1,735	7,000	1,769	1,920	1,777
12. Residual error of estimate	- 168	44	56	133	65	- 203	5	151
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	14,044	15,469	16,664	15,891	62,068	14,992	16,458	18,252
14. (Gross national product at market prices excluding accrued net income of farm operators)	(13,896)	(15,254)	(15,453)	(15,767)	(60,370)	(14,923)	(16,390)	(16,857)

(1) Includes the withholding tax applicable to this item.

(2) Includes change in farm inventories as shown in line 11, Table 4. An adjustment has been made to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board.

(3) Includes net income of independent professional practitioners.

(4) See footnote 4, Table 2.

TABLE 2. Gross National Expenditure, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	8,678	9,369	9,224	10,443	37,714	9,481	10,062	10,023
2. Government expenditure on goods and services(1, 2)	2,736	3,157	3,341	3,143	12,377	2,961	3,255	3,645
3. Business gross fixed capital formation(3)	2,864	3,412	3,006	3,083	12,365	2,729	3,344	3,299
4. New residential construction	405	597	663	672	2,337	526	718	756
5. New non-residential construction	1,021	1,187	1,187	1,275	4,670	895	1,176	1,325
6. New machinery and equipment	1,438	1,628	1,156	1,136	5,358	1,308	1,450	1,218
7. Value of physical change in inventories(4)	- 67	- 129	966	- 545	225	- 123	- 147	1,189
8. Non-farm business inventories	248	- 5	105	- 159	189	193	34	165
9. Farm inventories and grain in commercial channels	- 315	- 124	861	- 386	36	- 316	- 181	1,024
10. Exports of goods and services(5)	3,151	3,842	3,878	3,737	14,608	3,582	4,313	4,439
11. Deduct: Imports of goods and services(6)	- 3,485	- 4,139	- 3,695	- 3,838	-15,157	- 3,841	- 4,364	- 4,192
12. Residual error of estimate	167	- 43	- 56	- 132	- 64	203	- 5	- 151
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	14,044	15,469	16,664	15,891	62,068	14,992	16,458	18,252

(1) Includes outlays on new durable assets such as building and highway construction by governments, other than government business enterprises. Also includes net purchases of government commodity agencies.

(2) For details of defence expenditures see line 3, Table 6.

(3) Includes capital expenditures by private and government business enterprises, private non-commercial institutions, and outlays on new residential construction by individuals and business investors.

(4) The book value of inventories is deflated to remove the effect of price changes and the derived "physical" change is then valued at average prices of the current period to obtain the value of physical change. The difference between this value of physical change and the change in book value is called the inventory valuation adjustment. (See line 8, Table 1).

(5) See Revision Note Section "A" page 17

(6) See Revision Note Section "B" page 17

TABLE 3. Source of Personal Income, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income	7,629	8,076	8,369	8,315	32,389	8,206	8,705	9,092
2. Deduct: Employer and employee contributions to social insurance and government pension funds	- 491	- 533	- 556	- 451	- 2,031	- 550	- 592	- 584
3. Military pay and allowances	183	172	173	176	704	173	159	184
4. Net income received by farm operators from farm production(1)	400	121	1,161	103	1,785	170	271	1,359
5. Net income of non-farm unincorporated business	626	776	820	972	3,194	690	840	857
6. Interest, dividends, and net rental income of persons(2)	1,173	1,211	1,211	1,299	4,894	1,269	1,331	1,319
Transfer payments to persons:								
7. From government (excluding interest)	1,588	1,533	1,489	1,613	6,223	1,793	1,783	1,752
8. Charitable contributions by corporations	11	11	11	11	44	12	12	12
9. PERSONAL INCOME	11,119	11,367	12,678	12,038	47,202	11,763	12,509	13,991

- (1) This item differs from line 6, Table 1, by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.
(2) Includes all government debt interest paid to persons.

TABLE 4. Disposition of Personal Income, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Personal direct taxes	1,398	1,309	1,347	1,439	5,493	1,650	1,585	1,626
2. Income taxes	1,213	1,167	1,224	1,300	4,904	1,441	1,415	1,458
3. Succession duties and estate taxes	54	51	53	57	215	59	56	58
4. Miscellaneous	131	91	70	82	374	150	114	110
5. Personal expenditure on consumer goods and services ..	8,678	9,369	9,224	10,443	37,714	9,481	10,062	10,023
6. Non-durable goods	4,090	4,415	4,665	5,318	18,488	4,461	4,694	4,864
7. Durable goods	921	1,225	990	1,229	4,365	1,033	1,270	1,113
8. Services(1)	3,667	3,729	3,569	3,896	14,861	3,987	4,098	4,046
9. Personal net saving	1,043	689	2,107	156	3,995	632	862	2,342
10. Personal saving excluding change in farm inventories	1,328	809	1,363	619	4,119	948	964	1,286
11. Value of physical change in farm inventories	- 285	- 120	744	- 463	- 124	- 316	- 102	1,056
12. PERSONAL INCOME	11,119	11,367	12,678	12,038	47,202	11,763	12,509	13,991
13. (Personal disposable income)(2)	(9,721)	(10,058)	(11,331)	(10,599)	(41,709)	(10,113)	(10,924)	(12,365)

- (1) Includes net expenditure abroad.
(2) Personal Income less Total Personal Direct Taxes.

TABLE 5. Government Revenue, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Direct taxes - Persons	1,398	1,309	1,347	1,439	5,493	1,650	1,585	1,626
2. Federal	859	896	881	936	3,572	1,037	1,058	1,040
3. Provincial and municipal	539	413	466	503	1,921	613	527	586
4. Direct taxes - Corporations	441	604	555	608	2,208	490	674	644
5. Federal(1)	325	446	410	449	1,630	362	502	480
6. (Federal tax collections)(1)	(400)	(569)	(423)	(413)	(1,805)	(406)	(483)	(557)
7. Provincial	116	158	145	159	578	128	172	164
8. (Provincial tax collections)	(149)	(160)	(162)	(141)	(612)	(180)	(166)	(195)
Withholding taxes:								
9. Federal(2)	41	66	37	74	218	49	60	39
10. Indirect taxes	2,255	2,275	2,330	2,367	9,227	2,410	2,392	2,554
11. Federal	879	942	921	965	3,707	855	906	949
12. Provincial and municipal	1,376	1,333	1,409	1,402	5,520	1,555	1,486	1,605
13. Investment income	440	523	546	640	2,149	515	567	572
14. Federal	126	210	215	249	800	162	216	236
15. Provincial and municipal	307	306	321	378	1,312	339	331	318
16. Canada Pension Plan	7	7	10	13	37	14	20	18
17. Employer and employee contributions to social insurance and government pension funds	491	533	556	451	2,031	550	592	584
18. Federal	172	173	198	161	704	191	194	206
19. Provincial and municipal	114	117	124	123	478	131	133	130
20. Canada Pension Plan	152	179	172	121	624	168	193	191
21. Quebec Pension Plan	53	64	62	46	225	60	72	57
Transfers from Federal:								
22. Provincial and municipal	446	538	495	513	1,992	596	657	549
23. TOTAL REVENUE	5,512	5,848	5,866	6,092	23,318	6,260	6,527	6,568
24. FEDERAL	2,402	2,733	2,662	2,834	10,631	2,656	2,936	2,950
25. PROVINCIAL AND MUNICIPAL	2,898	2,865	2,960	3,078	11,801	3,362	3,306	3,352
26. CANADA PENSION PLAN	159	186	182	134	661	182	213	209
27. QUEBEC PENSION PLAN	53	64	62	46	225	60	72	57

(1) Excludes refundable tax on corporate cash profits introduced May, 1966. In 1967 the following amounts were collected: first quarter \$64 million, second quarter \$27 million, third quarter \$10 million and fourth quarter \$8 million. In the first quarter of 1968, refunding of overpayments exceeded collections by \$5 millions. In the second quarter the amount collected was \$9 million. Refunding of the tax began in the third quarter and amounted to \$52 million.

(2) Beginning in 1962, the withholding tax series has been adjusted to conform more closely with the flow of interest and dividends to non-residents.

TABLE 6. Government Expenditure, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Goods and services	2,736	3,157	3,341	3,143	12,377	2,961	3,255	3,645
2. Federal	1,034	1,084	1,112	1,029	4,259	1,125	1,033	1,182
3. (Defence)	(470)	(426)	(471)	(438)	(1,805)	(481)	(419)	(410)
4. Provincial and municipal	1,702	2,073	2,229	2,114	8,118	1,836	2,222	2,463
5. Transfer payments to persons (excluding interest on the public debt)	1,588	1,533	1,489	1,613	6,223	1,793	1,783	1,752
6. Federal	771	778	686	701	2,936	856	880	758
7. Provincial and municipal	817	755	803	912	3,287	937	903	994
8. Interest on the public debt	438	525	474	545	1,982	496	616*	556
9. Federal	283	314	320	328	1,245	305	370	377
10. Provincial and municipal	155	211	154	217	737	191	246	179
11. Subsidies	87	112	166	157	522	89	91	159
12. Federal	61	99	110	120	390	66	75	101
13. Provincial	26	13	56	37	132	23	16	58
Capital Assistance:(1)								
14. Federal	13	15	12	25	65	20	9	27
Transfers to other levels of government:								
15. Federal	446	538	495	513	1,992	596	657	549
16. Total expenditure	5,308	5,880	5,977	5,996	23,161	5,955	6,411	6,688
17. Federal	2,608	2,828	2,735	2,716	10,887	2,968	3,024	2,994
18. Provincial and municipal	2,700	3,052	3,242	3,280	12,274	2,987	3,387	3,694
19. Deficit (-) or Surplus	204	- 32	- 111	96	157	305	116	- 120
20. Federal	- 206	- 95	- 73	118	- 256	- 312	- 88	- 44
21. Provincial and municipal	198	- 187	- 282	- 202	- 473	375	- 81	- 342
22. Canada Pension Plan	159	186	182	134	661	182	213	209
23. Quebec Pension Plan	53	64	62	46	225	60	72	57
24. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	5,512	5,848	5,866	6,092	23,318	6,260	6,527	6,568
25. FEDERAL	2,402	2,733	2,662	2,834	10,631	2,656	2,936	2,950
26. PROVINCIAL AND MUNICIPAL	2,898	2,865	2,960	3,078	11,801	3,362	3,306	3,352
27. CANADA PENSION PLAN	159	186	182	134	661	182	213	209
28. QUEBEC PENSION PLAN	53	64	62	46	225	60	72	57

(1) From 1961 on, this item is treated as government current expenditure; prior to 1961, it was treated as capital transfer.

TABLE 7. Source of National Saving, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Personal net saving	1,043	689	2,107	156	3,995	632	862	2,342
2. Business gross saving	1,630	2,327	2,080	2,014	8,051	1,895	2,220	2,251
3. Undistributed corporation profits	174	366	300	233	1,073	207	494	411
4. Capital consumption allowances and miscellaneous valuation adjustments	1,695	1,852	1,718	1,735	7,000	1,769	1,920	1,777
5. Adjustment on grain transactions(1)	- 252	94	50	21	- 87	- 101	- 203	36
6. Capital assistance	13	15	12	25	65	20	9	27
7. Inventory valuation adjustment	- 79	- 85	- 33	- 94	- 291	- 79	- 62	- 40
8. Government surplus or deficit (-)	204	- 32	- 111	96	157	305	116	- 120
9. Residual error of estimate	- 168	44	56	133	65	- 203	5	151
10. Totals	2,630	2,943	4,099	2,305	11,977	2,550	3,141	4,584

(1) This item is an adjustment to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board. See also footnote 1, Table 3.

TABLE 8. Disposition of National Saving, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Business gross fixed capital formation	2,864	3,412	3,006	3,083	12,365	2,729	3,344	3,299
2. New residential construction	405	597	663	672	2,337	526	718	756
3. New non-residential construction	1,021	1,187	1,187	1,275	4,670	895	1,176	1,325
4. New machinery and equipment	1,438	1,628	1,156	1,136	5,358	1,308	1,450	1,218
5. Value of physical change in inventories	- 67	- 129	966	- 545	225	- 123	- 147	1,189
6. Surplus or deficit (-) on current account with non-residents(1)	- 334	- 297	183	- 101	- 549	- 259	- 51	247
7. Residual error of estimate	167	- 43	- 56	- 132	- 64	203	- 5	- 151
8. Totals	2,630	2,943	4,099	2,305	11,977	2,550	3,141	4,584

(1) See Revision Note Section "C" page 17

TABLE 9. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1967 and 1968 (millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. GROSS NATIONAL PRODUCT AT MARKET PRICES ..	14,044	15,469	16,664	15,891	62,068	14,992	16,458	18,252
2. Deduct: Residual error of estimate	168	- 44	- 56	- 133	- 65	203	- 5	- 151
3. Indirect taxes less subsidies ..	- 2,168	- 2,163	- 2,164	- 2,210	- 8,705	- 2,321	- 2,301	- 2,395
4. Income received from non-residents	- 62	- 54	- 63	- 102	- 281	- 68	- 80	- 79
5. Add: Income paid to non-residents ...	242	269	263	375	1,149	292	315	298
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	12,224	13,477	14,644	13,821	54,166	13,098	14,387	15,925

TABLE 10. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1967 and 1968 (1) (millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	7,344	7,830	7,579	8,574	31,327	7,704	8,085	7,967
2. Non-durable goods	3,555	3,767	3,906	4,480	15,708	3,735	3,847	3,939
3. Durable goods	917	1,205	967	1,169	4,258	1,003	1,225	1,081
4. Services	2,872	2,858	2,706	2,925	11,361	2,966	3,013	2,947
5. Government expenditure on goods and services	1,857	2,219	2,386	2,144	8,606	1,909	2,171	2,495
6. Business gross fixed capital formation ..	2,156	2,590	2,271	2,301	9,318	2,043	2,458	2,391
7. New residential construction	285	409	450	447	1,591	345	461	480
8. New non-residential construction	740	851	854	905	3,350	623	806	913
9. New machinery and equipment	1,131	1,330	967	949	4,377	1,075	1,191	998
10. Change in inventories	- 27	- 187	819	- 431	174	- 32	- 147	971
11. Non-farm business inventories	229	8	38	- 113	162	223	71	80
12. Farm inventories and grain in commercial channels	- 256	- 195	781	- 318	12	- 255	- 218	891
13. Exports of goods and services(2)	2,714	3,281	3,273	3,199	12,467	3,028	3,624	3,690
(of which merchandise)	(2,321)	(2,680)	(2,418)	(2,711)	(10,130)	(2,634)	(3,093)	(2,937)
14. Deduct: Imports of goods and services(3)	- 2,956	- 3,505	- 3,126	- 3,247	- 12,834	- 3,169	- 3,601	- 3,439
(of which merchandise)	(2,210)	(2,653)	(2,315)	(2,429)	(9,607)	(2,389)	(2,731)	(2,491)
15. Residual error of estimate	133	- 35	- 45	- 104	- 51	157	- 4	- 115
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	11,221	12,193	13,157	12,436	49,007	11,640	12,586	13,960

(1) The implicit price deflators of the seasonally unadjusted components of Gross National Expenditure, derived by dividing the value figures in Table 2 by the constant dollar figures in Table 10, are not suitable as indicators of quarter-to-quarter price change. This is because they are currently weighted and therefore are affected by compositional shifts which occur within the unadjusted components of Gross National Expenditure, on a quarter-to-quarter basis. Quarter-to-quarter comparisons based on seasonally adjusted data are less subject to the problem of shifting weights and may be used as a measure of price change.

(2) See Revision Note Section "D" page 18

(3) See Revision Note Section "E" page 18

TABLES ADJUSTED FOR SEASONAL VARIATION AND AT ANNUAL RATES

TABLE 11. National Income and Gross National Product, by Quarters, 1967 and 1968 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income	31,512	32,140	32,772	33,132	32,389	33,776	34,760	35,408
2. Military pay and allowances	740	680	692	704	704	700	648	732
3. Corporation profits before taxes	4,796	4,900	5,148	5,236	5,020	5,292	5,632	5,940
4. Deduct: Dividends paid to non-residents(1)	- 640	- 808	- 852	- 720	- 755	- 808	- 960	- 916
5. Rent, interest, and miscellaneous investment income	4,012	4,360	4,444	4,540	4,339	4,512	4,676	4,708
6. Accrued net income of farm operators from farm production(2)	1,996	1,856	1,488	1,452	1,698	1,820	1,580	1,724
7. Net income of non-farm unincorporated business(3)	2,948	3,176	3,336	3,316	3,194	3,272	3,400	3,476
8. Inventory valuation adjustment	- 292	- 268	- 228	- 376	- 291	- 292	- 192	- 304
9. NET NATIONAL INCOME AT FACTOR COST	45,072	46,036	46,800	47,284	46,298	48,272	49,544	50,768
10. Indirect taxes less subsidies	8,792	8,688	8,624	8,716	8,705	9,372	9,312	9,476
11. Capital consumption allowances and miscellaneous valuation adjustments	7,000	7,176	6,980	6,844	7,000	7,288	7,316	7,284
12. Residual error of estimate	- 28	172	- 32	148	65	156	116	100
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	60,836	62,072	62,372	62,992	62,068	65,088	66,288	67,628
14. (Gross national product at market prices excluding accrued net income of farm operators)	(58,840)	(60,216)	(60,884)	(61,540)	(60,370)	(63,268)	(64,708)	(65,904)

(1) See footnote 1, Table 1.

(2) Includes an arbitrary smoothing of crop production and standard seasonal adjustments for withdrawals of grain from farm stocks and the change in livestock items. Because of the arbitrary elements, too precise an interpretation should not be given the seasonally adjusted figures of accrued net income of farm operators.

(3) Includes net income of independent professional practitioners.

TABLE 12. Gross National Expenditure, by Quarters, 1967 and 1968 Seasonally Adjusted at Annual Rates
(million of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	36,444	37,388	38,192	38,832	37,714	39,880	40,164	41,452
2. Government expenditure on goods and services(1, 2)	11,860	12,672	12,288	12,688	12,377	13,052	13,288	13,384
3. Business gross fixed capital formation(3)	12,972	12,724	11,916	11,848	12,365	12,480	12,572	13,008
4. New residential construction	1,920	2,348	2,532	2,548	2,337	2,536	2,844	2,828
5. New non-residential construction	5,128	4,724	4,236	4,592	4,670	4,600	4,704	4,768
6. New machinery and equipment	5,924	5,652	5,148	4,708	5,358	5,344	5,024	5,412
7. Value of physical change in inventories	152	148	680	- 80	225	156	144	360
8. Non-farm business inventories	176	208	684	- 312	189	- 12	188	400
9. Farm inventories and grain in commercial channels(4)	- 24	- 60	- 4	232	36	168	- 44	- 40
10. Exports of goods and services(5)	14,468	15,004	14,252	14,708	14,608	16,172	16,776	16,572
11. Deduct: Imports of goods and services(6)	-15,088	-15,692	-14,988	-14,860	-15,157	-16,496	- 16,544	- 17,052
12. Residual error of estimate	28	- 172	32	- 144	- 64	- 156	- 112	- 96
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	60,836	62,072	62,372	62,992	62,068	65,088	66,288	67,628
Detail of Farm Inventories and GICC:								
Value of grain crop production	1,212	1,212	1,212	1,216	1,213	1,444	1,444	1,444
Depletions of farm stocks of grain	- 1,280	- 1,476	- 1,460	- 1,156	- 1,343	- 1,440	- 1,192	- 1,064
Change in livestock inventories	8	72	- 60	4	6	- 20	- 172	- 292
Grain in commercial channels	36	132	304	168	160	184	- 124	- 128

(1) See footnote 1, Table 2.

(2) For details of defence expenditures, see line 3, Table 16.

(3) See footnote 3, Table 2.

(4) In the seasonally adjusted series, the value of grain production in each quarter is taken as one-fourth of the estimated value of crop production for the year as a whole (see footnote 2, Table 11). All other items in the farm inventories series are seasonally adjusted by standard techniques.

(5) See Revision Note Section "A" page 17

(6) See Revision Note Section "B" page 17

TABLE 13. Source of Personal Income, by Quarters, 1967 and 1968 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income	31,512	32,140	32,772	33,132	32,389	33,776	34,760	35,408
2. Deduct: Employer and employee contributions to social insurance and government pension funds	- 1,972	- 2,028	- 2,132	- 1,992	- 2,031	- 2,160	- 2,248	- 2,272
3. Military pay and allowances	740	680	692	704	704	700	648	732
4. Net income received by farm operators from farm production(1)	2,136	1,732	1,620	1,652	1,785	2,048	1,796	1,972
5. Net income of non-farm unincorporated business	2,948	3,176	3,336	3,316	3,194	3,272	3,400	3,476
6. Interest, dividends, and net rental income of persons(2)	4,748	4,848	4,924	5,056	4,894	5,144	5,300	5,384
Transfer payments to persons:								
7. From government (excluding interest)	5,884	6,236	6,200	6,572	6,223	6,664	7,248	7,340
8. Charitable contributions by corporations	44	44	44	44	44	48	48	48
9. PERSONAL INCOME	46,040	46,828	47,456	48,484	47,202	49,492	50,952	52,088

(1) This item differs from line 6, Table 11, by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.

(2) Includes all government debt interest paid to persons.

TABLE 14. Disposition of Personal Income, by Quarters, 1967 and 1968 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Personal direct taxes	5,532	4,980	5,540	5,920	5,493	6,548	6,188	6,756
2. Income taxes	4,948	4,396	4,964	5,308	4,904	5,880	5,488	5,988
3. Succession duties and estate taxes	216	204	212	228	215	236	224	232
4. Miscellaneous	368	380	364	384	374	432	476	536
5. Personal expenditure on consumer goods and services	36,444	37,388	38,192	38,832	37,714	39,880	40,164	41,452
6. Non-durable goods	17,768	18,388	18,844	18,952	18,488	19,428	19,488	19,760
7. Durable goods	4,136	4,408	4,544	4,372	4,365	4,612	4,620	5,008
8. Services(1)	14,540	14,592	14,804	15,508	14,861	15,840	16,056	16,684
9. Personal net saving	4,064	4,460	3,724	3,732	3,995	3,064	4,600	3,880
10. PERSONAL INCOME	46,040	46,828	47,456	48,484	47,202	49,492	50,952	52,088
11. (Personal disposable income)(2)	(40,508)	(41,848)	(41,916)	(42,564)	(41,709)	(42,944)	(44,764)	(45,332)

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 15. Government Revenue, by Quarters, 1967 and 1968 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Direct taxes - Persons	5,532	4,980	5,540	5,920	5,493	6,548	6,188	6,756
2. Federal	3,632	3,276	3,588	3,792	3,572	4,268	3,952	4,284
3. Provincial and municipal	1,900	1,704	1,952	2,128	1,921	2,280	2,236	2,472
4. Direct taxes - Corporations	2,120	2,228	2,224	2,260	2,208	2,376	2,432	2,568
5. Federal(1)	1,568	1,648	1,644	1,660	1,630	1,764	1,808	1,912
6. (Federal tax collections)(1)	(1,776)	(1,808)	(1,800)	(1,836)	(1,805)	(1,804)	(1,532)	(2,356)
7. Provincial	552	580	580	600	578	612	624	656
8. (Provincial tax collections)	(584)	(600)	(616)	(648)	(612)	(724)	(636)	(736)
Withholding taxes:								
9. Federal(2)	192	240	220	220	218	240	216	228
10. Indirect taxes	9,208	9,224	9,164	9,312	9,227	9,788	9,772	9,980
11. Federal	3,820	3,712	3,644	3,652	3,707	3,700	3,588	3,756
12. Provincial and municipal(3)	5,388	5,512	5,520	5,660	5,520	6,088	6,184	6,224
13. Investment income	1,856	2,144	2,268	2,328	2,149	2,164	2,316	2,344
14. Federal	612	808	872	908	800	764	832	932
15. Provincial and municipal	1,216	1,308	1,356	1,368	1,312	1,344	1,404	1,340
16. Canada Pension Plan	28	28	40	52	37	56	80	72
17. Employer and employee contributions to social insurance and government pension funds	1,972	2,028	2,132	1,992	2,031	2,160	2,248	2,272
18. Federal	680	716	780	640	704	756	800	808
19. Provincial and municipal	456	468	496	492	478	524	532	520
20. Canada Pension Plan(4)	620	620	628	628	624	644	672	696
21. Quebec Pension Plan(4)	216	224	228	232	225	236	244	248
Transfers from Federal:								
22. Provincial and municipal	1,752	2,112	2,064	2,040	1,992	2,336	2,540	2,308
23. TOTAL REVENUE	22,632	22,956	23,612	24,072	23,318	25,612	25,712	26,456
24. FEDERAL	10,504	10,400	10,748	10,872	10,631	11,492	11,196	11,920
25. PROVINCIAL AND MUNICIPAL	11,264	11,684	11,968	12,288	11,801	13,184	13,520	13,520
26. CANADA PENSION PLAN	648	648	668	680	661	700	752	768
27. QUEBEC PENSION PLAN	216	224	228	232	225	236	244	248

(1) "See footnote 1, Table 5."

(2) "See footnote 2, Table 5."

(3) The quarterly figures of real property taxes unadjusted and seasonally adjusted are obtained by dividing annual totals by four since real property taxes accrue uniformly throughout the taxation year. Because in recent years, changes in real property tax rates have been generally upward this treatment gives rise to fictitious seasonal between the fourth and first quarters in the seasonally adjusted indirect taxes series.

(4) Estimates of a normal quarterly pattern have been used to seasonally adjust the contributions to the Canada and Quebec Pension Plans. No precise interpretation can be placed on the quarterly movements of these series until a later date.

TABLE 16. Government Expenditure, by Quarters, 1967 and 1968 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Goods and services	11,860	12,672	12,288	12,688	12,377	13,052	13,288	13,384
2. Federal	4,096	4,472	4,196	4,272	4,259	4,460	4,332	4,460
3. (Defence)	(1,644)	(1,844)	(1,952)	(1,780)	(1,805)	(1,704)	(1,820)	(1,708)
4. Provincial and municipal	7,764	8,200	8,092	8,416	8,118	8,592	8,956	8,924
5. Transfer payments to persons (excluding interest on the public debt)	5,884	6,236	6,200	6,572	6,223	6,664	7,248	7,340
6. Federal	2,772	3,032	2,972	2,968	2,936	3,080	3,432	3,328
7. Provincial and municipal	3,112	3,204	3,228	3,604	3,287	3,584	3,816	4,012
8. Interest on the public debt	1,844	1,928	2,020	2,136	1,982	2,124	2,268	2,380
9. Federal	1,140	1,208	1,280	1,352	1,245	1,280	1,424	1,500
10. Provincial and municipal	704	720	740	784	737	844	844	880
11. Subsidies	416	536	540	596	522	416	460	504
12. Federal	292	436	396	436	390	304	340	364
13. Provincial	124	100	144	160	132	112	120	140
Capital Assistance:(1)								
14. Federal	52	60	48	100	65	80	36	108
Transfers to other levels of government:								
15. Federal	1,752	2,112	2,064	2,040	1,992	2,336	2,540	2,308
16. Total expenditure	21,808	23,544	23,160	24,132	23,161	24,672	25,840	26,024
17. Federal	10,104	11,320	10,956	11,168	10,887	11,540	12,104	12,068
18. Provincial and municipal	11,704	12,224	12,204	12,964	12,274	13,132	13,736	13,956
19. Deficit (-) or surplus	824	- 588	452	- 60	157	940	- 128	432
20. Federal	400	- 920	- 208	- 296	- 256	- 48	- 908	- 148
21. Provincial and municipal	- 440	- 540	- 236	- 676	- 473	52	- 216	- 436
22. Canada Pension Plan	648	648	668	680	661	700	752	768
23. Quebec Pension Plan	216	224	228	232	225	236	244	248
24. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	22,632	22,956	23,612	24,072	23,318	25,612	25,712	26,456
25. FEDERAL	10,504	10,400	10,748	10,872	10,631	11,492	11,196	11,920
26. PROVINCIAL AND MUNICIPAL	11,264	11,684	11,968	12,288	11,801	13,184	13,520	13,520
27. CANADA PENSION PLAN	648	648	668	680	661	700	752	768
28. QUEBEC PENSION PLAN	216	224	228	232	225	236	244	248

(1) See footnote 1, Table 6.

TABLE 17. Source of National Saving, by Quarters, 1967 and 1968 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Personal net saving	4,064	4,460	3,724	3,732	3,995	3,064	4,600	3,880
2. Business gross saving	7,964	8,236	7,976	8,028	8,051	8,288	8,440	8,684
3. Undistributed corporation profits	1,052	876	1,080	1,284	1,073	1,148	1,304	1,540
4. Capital consumption allowances and miscellaneous valuation adjustments	7,000	7,176	6,980	6,844	7,000	7,288	7,316	7,284
5. Adjustment on grain transactions(1)	- 140	124	- 132	- 200	- 87	- 228	- 216	- 248
6. Capital assistance	52	60	48	100	65	80	36	108
7. Inventory valuation adjustment	- 292	- 268	- 228	- 376	- 291	- 292	- 192	- 304
8. Government surplus or deficit (-)	824	- 588	452	- 60	157	940	- 128	432
9. Residual error of estimate	- 28	172	- 32	148	65	156	116	100
10. Totals	12,532	12,012	11,892	11,472	11,977	12,156	12,836	12,792

(1) This item is an adjustment to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board. See also footnote 1, Table 3.

TABLE 18. Disposition of National Saving, by Quarters, 1967 and 1968 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Business gross fixed capital formation	12,972	12,724	11,916	11,848	12,365	12,480	12,572	13,008
2. New residential construction	1,920	2,348	2,532	2,548	2,337	2,536	2,844	2,828
3. New non-residential construction	5,128	4,724	4,236	4,592	4,670	4,600	4,704	4,768
4. New machinery and equipment	5,924	5,652	5,148	4,708	5,358	5,344	5,024	5,412
5. Value of physical change in inventories	152	148	680	- 80	225	156	144	360
6. Surplus or deficit (-) on current account with non-residents(1)	- 620	- 688	- 736	- 152	- 549	- 324	232	- 480
7. Residual error of estimate	28	- 172	32	- 144	- 64	- 156	- 112	- 96
8. Totals	12,532	12,012	11,892	11,472	11,977	12,156	12,836	12,792

(1) See Revision Note Section "C" page 17

TABLE 19. Relation between Gross National Product at Market Prices and Gross Domestic Product
at Factor Cost, by Quarters, 1967 and 1968
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. GROSS NATIONAL PRODUCT AT MARKET PRICES ..	60,836	62,072	62,372	62,992	62,068	65,088	66,288	67,628
2. Deduct: Residual error of estimate	28	- 172	32	- 148	- 65	- 156	- 116	- 100
3. Indirect taxes less subsidies ..	- 8,792	- 8,688	- 8,624	- 8,716	- 8,705	- 9,372	- 9,312	- 9,476
4. Income received from non-residents	- 292	- 228	- 316	- 288	- 281	- 308	- 352	- 400
5. Add: Income paid to non-residents ...	1,040	1,180	1,260	1,116	1,149	1,256	1,368	1,404
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	52,820	54,164	54,724	54,956	54,166	56,508	57,876	59,056

TABLE 20. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1967 and 1968(1)
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	30,788	31,224	31,508	31,788	31,327	32,336	32,280	33,096
2. Non-durable goods	15,284	15,708	15,896	15,944	15,708	16,084	16,012	16,140
3. Durable goods	4,100	4,308	4,424	4,200	4,258	4,456	4,444	4,844
4. Services	11,404	11,208	11,188	11,644	11,361	11,796	11,824	12,112
5. Government expenditure on goods and services	8,312	8,932	8,460	8,720	8,606	8,776	8,920	8,804
6. Business gross fixed capital formation ..	9,748	9,636	9,036	8,852	9,318	9,280	9,212	9,480
7. New residential construction	1,348	1,608	1,720	1,688	1,591	1,660	1,832	1,796
8. New non-residential construction	3,732	3,400	3,024	3,244	3,350	3,220	3,236	3,264
9. New machinery and equipment	4,668	4,628	4,292	3,920	4,377	4,400	4,144	4,420
10. Change in inventories	116	100	556	- 76	174	152	32	180
11. Non-farm business inventories	160	180	572	- 264	162	- 4	192	320
12. Farm inventories and grain in commercial channels	- 44	- 80	- 16	188	12	156	- 160	- 140
13. Exports of goods and services (2)	12,396	12,796	12,148	12,528	12,467	13,636	14,096	13,948
(of which merchandise)	(10,252)	(10,304)	(9,524)	(10,440)	(10,130)	(11,516)	(11,832)	(11,728)
14. Deduct: Imports of goods and services (3)	- 12,832	- 13,296	- 12,720	- 12,488	- 12,834	- 13,668	- 13,660	- 14,056
(of which merchandise)	(9,624)	(9,868)	(9,604)	(9,332)	(9,607)	(10,276)	(10,176)	(10,408)
15. Residual error of estimate	24	- 140	24	- 112	- 51	- 120	- 84	- 72
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	48,552	49,252	49,012	49,212	49,007	50,392	50,796	51,380

(1) See footnote 1, Table 10.

(2) See Revision Note Section "D" page 18

(3) See Revision Note Section "E" page 18

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FOURTH QUARTER AND PRELIMINARY ANNUAL

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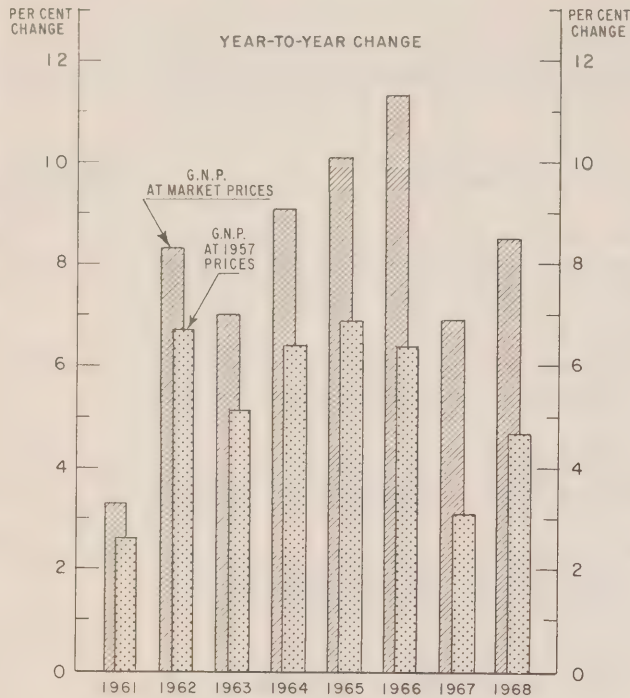
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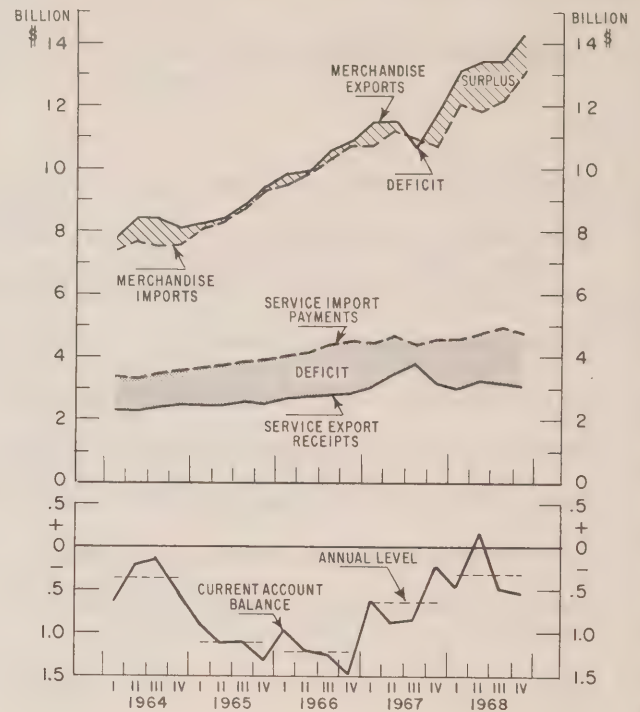
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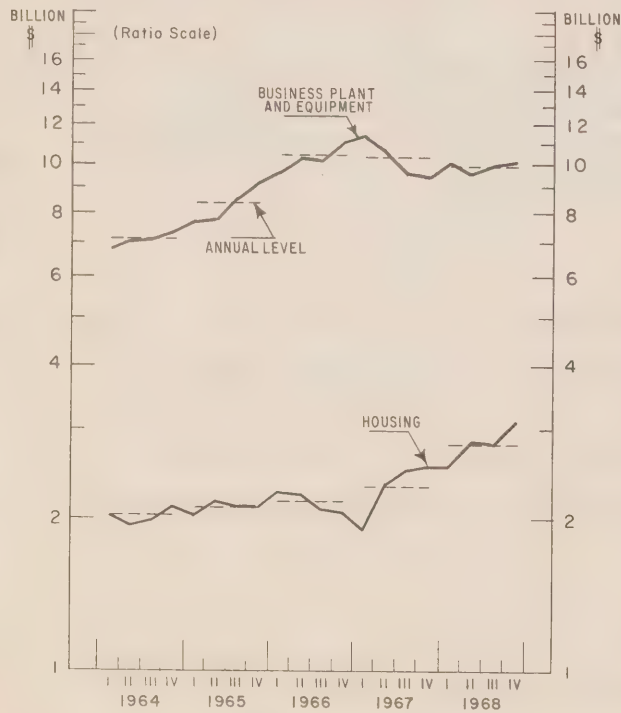
IN 1968 G.N.P. INCREASED BY 8.5 PER CENT.
WITH PRICES INCREASING BY 3.6 PER CENT,
THE GAIN IN VOLUME WAS 4.7 PER CENT



THE DEFICIT ON CURRENT ACCOUNT NARROWED,
AS A SUBSTANTIAL IMPROVEMENT IN THE
MERCHANDISE SURPLUS OUTWEIGHED THE
DETERIORATION IN THE NON-MERCHANDISE BALANCE

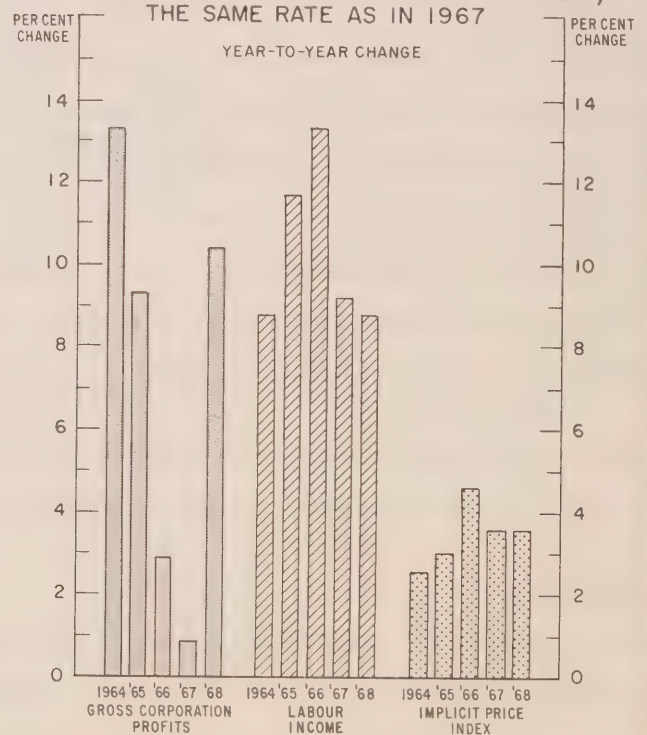


HOUSING OUTLAYS IN 1968 INCREASED
STRONGLY, 21.2 PER CENT. BUSINESS SPENDING
ON PLANT AND EQUIPMENT RECOVERED SOMEWHAT
FROM THE LOW FOURTH QUARTER 1967 RATE;
FOR THE YEAR HOWEVER IT FELL 3.4 PER CENT



QUARTERLY DATA, SEASONALLY ADJUSTED, AT ANNUAL RATES

GROSS CORPORATION PROFITS INCREASED MORE
RAPIDLY THAN IN 1967 WHILE EXPANSION IN
LABOUR INCOME SLOWED SOMEWHAT. THERE WAS
CONTINUED PRESSURE ON PRICES; THE IMPLICIT
PRICE INDEX OF G.N.P. ROSE BY 3.6 PER CENT,
THE SAME RATE AS IN 1967



ANNUAL REVIEW 1968

(This report incorporates some revisions to data for the years 1966, 1967 and the first three quarters of 1968. The series affected are Exports of goods and services, Imports of goods and services, Dividends paid to non-residents for the years 1966 and 1967; Business gross capital formation for the year 1967; and most of the series for the first three quarters of 1968.)

Strong external demand for Canadian goods coupled with buoyant domestic markets pushed the level of Gross National Product to \$67.4 billion, a rise of 8.5 per cent compared with 6.9 per cent in 1967. This increase is somewhat above the average annual rate of increase of 8.0 per cent for the current expansion period which began in 1961. There was continuing pressure on prices which rose by 3.6 per cent, the same rate as last year. In real terms, Canada's output of goods and services advanced by 4.7 per cent -- considerably higher than the 3.1 per cent increase of the preceding year.^{1/}

Although strength was evident throughout 1968, the economy advanced more vigorously in the beginning and closing quarters of the year. In current dollar terms, the strongest advance occurred in the first quarter which rose by over 3-1/2 per cent. This was followed by a more moderate 2 per cent gain in the second quarter. The pace of activity then accelerated in the third and final quarters, with increases of 2-1/2 and 3-1/2 per cent respectively. In contrast to the first three quarters of the year, when demand was dominated by one or a few components, the advance in the fourth quarter displayed a widespread strength. For the year as a whole, the pattern of demand seemed balanced with all sectors continuing on an upward path or, as in the case of business fixed investment and inventories, renewing an uptrend after declines in 1967.

The pull exercised on this year's expansion by the rapid growth of the United States economy was most evident in the demand for Canadian goods and services abroad which climbed by 13-1/2 per cent. Canada's merchandise exports jumped by 19-1/2 per cent and the bulk of this increase was directed to the United States. External demand was particularly strong in the first quarter, when it provided the major stimulus to a renewed fast rate of economic activity. Through the year there were sharp rises in the exports of a wide range of commodities. With the exception of motor vehicles and parts, where trade transactions in both directions were exceptionally large, imports tended to lag behind exports -- partly because of rather low current rates of investment in machinery and equipment. As a result Canada's merchandise surplus grew from \$0.5 to \$1.3 billion to reach its highest level since 1945. The net gain in merchandise trade was partially offset by a larger deficit in services, because of a return to more normal tourist activity after Centennial year. The overall deficit on a National Accounts basis was reduced by half to \$332 million.

Rising by 8-1/2 per cent, consumer purchases maintained the high rates of growth of recent years and accounted for nearly half of the increase in total demand. A feature of the year was the renewed consumer interest in durables, which increased by 10 per cent, more than twice the rate of the last two years. This rise was mostly due to sharp increases in car purchases, following two years of sluggish growth. By contrast, non-durables were rather weak; they rose by 6-1/2 per cent compared with 9 per cent in 1967. Because of strong price increases in this category, the slowdown was even more pronounced in volume terms. With personal expenditures outpacing the growth of personal disposable income, which was slowed down by higher tax collections, the rate of personal saving showed some decline from the very high levels of recent years.

In gross fixed capital formation, impressive gains were achieved in housing, where unprecedented numbers of both starts and completions pushed investment some 20 per cent above the 1967 level. The entrance of the banks into the field of mortgage lending and the introduction of more flexibility in the mortgage rate structure were important factors facilitating the current high level of activity in house building. By contrast, business capital spending on plant and equipment declined by 3-1/2 per cent; it nevertheless scored moderate quarterly gains and ended the year well above its trough in the last quarter of 1967.

Business added \$479 million to inventories compared with \$189 million in 1967. The major accumulation occurred at the retail level and was about equally divided between durable goods, mostly motor vehicles, and non-durables.

^{1/} Real Domestic Product at factor cost by industry of origin, an alternative but conceptually somewhat different measure of economic production, shows a 4.2 per cent advance in real terms compared with a 2.7 per cent increase of the preceding year. Among the differences between the two series are market price valuation versus factor cost, the use of national versus domestic boundaries, and the use of different weight-base periods.

Government expenditure on goods and services continued the deceleration which started in 1967; for the first time since 1964 it rose less rapidly than GNP as a whole. Most of the 1968 rise of 7-1/2 per cent was attributable to increased spending at the provincial-municipal level of government and consisted largely of higher wages and capital outlays. With total revenues rising faster than total expenditures, the surplus, on a National Accounts basis, for all levels of government combined, increased from \$157 to \$800 million.

The vigorous performance of the Canadian economy in 1968 was reflected in sharply rising incomes. After declining for two years, corporation profits increased by 17 per cent above their 1967 level. Advances occurred throughout the year, but the fourth quarter leap of over 10 per cent was the most pronounced. Some of the increase was the result of the levelling in capital cost allowances which followed the withdrawal at the end of 1967 of the option to accelerate claims for machinery and equipment. Gross profits (which include these provisions for depreciation) rose by 10 per cent. The improvement in profits was probably facilitated by the existence of strong demand and price pressures in the United States. In spite of sharply increased tax liabilities, partly due to higher rates of corporate income taxes, undistributed corporation profits also rose to record levels.

The 8.8 per cent increase in labour income was derived mostly from higher average earnings, as rates of pay continued to rise steeply in spite of a continued slowdown in employment. The moderate employment growth of around 2 per cent, most of which was absorbed in the service-producing industries, fell short of the increase in the labour force, causing the unemployment rate to climb from 4.1 to 4.8 per cent. There were indications of good productivity gains this year, especially in the goods-producing industries, where large increases in output were realized with practically unchanged employment levels.

Demand and its Sources of Supply^{1/}
Value of Change from Preceding Year
(Billions of Dollars)

	1966	1967	1968
<u>Demand</u>			
Persons	2.8	2.9	3.2
Government	1.7	1.1	1.0
Business investment	1.8	-0.6	0.6
Plant and equipment	1.8	-	-0.3
Housing	-	0.2	0.5
Inventory change	-	-0.7	0.4
Non-residents (exports)	1.9	1.6	2.0
Residual error	-0.3	0.1	0.2
Increase in demand	<u>7.9</u>	<u>5.1</u>	<u>6.9</u>
<u>Supply</u>			
National production ^{2/}	5.9	4.0	5.3
Imports	2.0	1.1	1.7
Increase in supply	<u>7.9</u>	<u>5.1</u>	<u>6.9</u>

^{1/} Components will not necessarily sum to totals because of rounding.

^{2/} GNP inclusive of the residual error of estimate.

Price Movements

Aggregate price change as measured by the implicit price index of Gross National Expenditure rose by 3.6 per cent in 1968, the same rate of advance as in 1967. Larger increases than in the previous year occurred in all major components except exports; significantly higher import prices -- which are reflected in the components of GNE but are subtracted from the aggregate deflator -- dampened the overall increase. The following table shows the year-to-year changes in the implicit price indexes of the major components of GNE.

Implicit Price Indexes
Percentage Change from the Previous Year

	1962	1963	1964	1965	1966	1967	1968
Personal expenditure	1.3	1.6	1.5	1.9	3.5	3.3	3.8
Non-durable goods	1.2	1.7	1.7	1.9	4.1	1.9	3.7
Food	2.0	2.6	1.6	2.6	6.2	0.1	3.3
Non-food	0.5	0.9	1.8	1.5	2.6	3.5	4.2
Durable goods.....	-0.2	0.3	-1.0	-0.3	-	2.6	1.4
Total goods	0.9	1.4	1.0	1.5	3.2	2.2	3.1
Services excluding net expenditure abroad	1.7	1.4	2.3	2.9	3.9	5.7	4.7
(Personal expenditure excluding food)	(1.0)	(1.1)	(1.6)	(1.7)	(2.8)	(4.2)	(4.0)
Government expenditure	2.7	4.1	3.2	5.0	6.3	4.8	6.5
Business gross fixed capital formation	2.8	3.1	4.4	4.3	3.8	2.0	2.9
Residential construction	2.9	3.4	5.5	5.0	6.0	6.2	6.7
Non-residential construction	2.2	3.4	4.4	6.1	5.4	4.9	4.3
Machinery and equipment	3.0	2.6	3.8	2.7	2.0	-1.7	-0.7
Exports	3.1	1.2	2.0	1.4	3.3	1.8	1.0
Imports	4.1	2.9	1.2	0.4	2.1	1.1	2.3
Gross national expenditure	1.5	1.8	2.6	3.0	4.6	3.6	3.6

In personal expenditure, a sharp acceleration in the rate of price change in non-durables offset lower rates of increase in durables and services. Among non-durable items, increases of 11.5 and 7.2 per cent in the prices of tobacco and liquor respectively, together with a 3.8 per cent increase in gasoline, oil and grease, were largely the result of higher taxes. Food prices rose by 3.3 per cent after being virtually unchanged in 1967; increases were widespread but most notable in dairy products, fish, fresh fruit, canned vegetables and frozen foods. Modest price increases in furniture and a slight decline in household appliance prices contributed to the smaller increase in the price component of durables; car prices advanced at the same rate as in the previous year. Service prices continued to rise sharply, 4.7 per cent compared with 5.7 per cent in 1967. Most prominent were the increased costs for medical care, recreation, education and transportation, while rents also rose more strongly.

For the third successive year, strong increases occurred in the implicit price indexes of residential and non-residential construction; labour costs rose by 8 per cent, while the materials component advanced by 2.7 per cent. Machinery and equipment prices were lower in 1968 as a result of the removal of the federal sales tax on production machinery and equipment in June of 1967.

The Components of Demand

Personal Expenditure

Reflecting particularly strong increases in the first and third quarters, personal expenditure on goods and services reached a level of \$40.9 billion in 1968, an advance of 8-1/2 per cent from the previous year compared with an increase of some 8 per cent in 1967. Notable features of the pattern of expenditure were a sharply higher rate of advance in durable goods and a much lower rate of increase in non-durable goods than in the previous two years. Price increases accelerated noticeably at the total level, the result of significantly higher prices for non-durables; the rate of price advance eased in both durable goods and services.

Expenditures on durable goods increased by 10 per cent, better than twice the rate of advance in 1966 and 1967. Pacing this rise was a 12-1/2 per cent increase in purchases of new and used cars which showed no change in 1966 and a 3 per cent gain in 1967. New car outlays rose more sharply, 16 per cent, with purchases of cars of overseas manufacture increasing by over 50 per cent. Home furnishings and appliances registered increases of 9-1/2 and 9 per cent respectively, while furniture outlays increased by 2 per cent.

After advances of 9-1/2 and 9 per cent in 1966 and 1967 respectively, expenditures on non-durable goods rose by 6-1/2 per cent; with price increases accelerating sharply, the advance in real terms was just over 2-1/2 per cent. Higher outlays for tobacco and liquor were more than offset by price advances; in volume terms, both items declined by about 4 per cent. Food prices, which held virtually steady in 1967, rose by nearly 3-1/2 per cent; consequently the 5 per cent increase in outlays for

food was considerably reduced in real terms. Expenditure on clothing increased at a lower rate than in 1967; with price advances easing noticeably, however, the gain in volume was somewhat larger.

The services aggregate advanced at a higher rate than in the two previous years, 10-1/2 per cent compared with 9 and 8 per cent respectively in 1966 and 1967. Increases of 10 and 11 per cent were recorded in shelter and medical care, while the household operations and financial services components rose by more than 8 per cent. Recreation expenditures in Canada declined by 12 per cent from the Expo-bolstered level of 1967. A considerable part of the increased demand for all services was attributable to substantially higher outlays by Canadians travelling abroad.

Personal Expenditure
Per Cent Changes of Selected Items

	Year 1964 to Year 1965	Year 1965 to Year 1966	Year 1966 to Year 1967	Year 1967 to Year 1968
Total non-durables	7.3	9.7	9.2	6.5
Food	5.8	7.1	6.0	5.2
Clothing (including footwear)	6.2	5.8	7.0	5.6
Alcoholic beverages	9.2	7.7	11.3	3.1
Tobacco	8.2	6.2	6.4	6.7
Total durables	11.4	4.2	4.7	10.1
New and used cars	14.2	-	2.9	12.6
Furniture	6.2	7.0	4.1	2.0
Home furnishings	8.9	9.4	7.8	9.3
Radios and appliances	8.5	10.9	7.0	8.8
Total services (including net expenditure abroad)..	8.0	8.9	8.1	10.5
Shelter	6.8	8.5	8.8	10.1
Total transportation	7.9	7.9	14.3	3.7
Household operations	9.2	10.7	10.7	8.6
Total personal expenditure	8.1	8.7	8.2	8.5

Business Gross Fixed Capital Formation

Business gross fixed capital formation, including housing, totalled \$12.8 billion in 1968, an increase of 1 per cent from the level of the previous year. Outlays for new housing registered a sharp 21 per cent advance, while expenditure for machinery and equipment declined 5-1/2 per cent; outlays for non-residential construction dipped slightly from the 1967 level. The increase in housing was confined to the second and fourth quarters, while advances in expenditure for business plant and equipment from the low level of the final quarter of 1967 occurred in all but the second quarter. These upward trends are expected to continue in 1969; the survey of capital spending intentions anticipates increases of 12-1/2, 8-1/2 and 9 per cent respectively in housing, non-residential construction, and machinery and equipment.

Decreases in non-residential construction in 1968 by manufacturers, mining, financial and commercial services more than offset increases by utilities, trade firms and institutions. Spending cuts by farmers and manufacturers were mainly responsible for the decline in machinery and equipment: decreases were widespread within manufacturing, with the largest cutbacks occurring in the paper and transportation equipment industries.

In contrast, outlays for housing registered their largest increase in a decade. Housing starts reached an annual rate of 202,000 units in the first quarter, declined to 174,000 in the third, then rebounded to 231,000 in the fourth; for the year, starts totalled 197,000 -- 20 per cent above the figure for 1967. More than nine-tenths of the increase of almost 33,000 units was in multiple dwellings; single family starts rose only by 2,800. The rate of completions rose throughout the year, reaching an annual rate of 182,000 units in the fourth quarter; the total for 1968 was 171,000 units, 14-1/2 per cent higher than in the previous year. Units under construction at the end of December numbered almost 127,000 compared with 103,000 in December of 1967.

The large increase in housing starts can be attributed to a more flexible system of determining NHA mortgage rates, the special CMHC provision of direct mortgage loans to building beginning in October, and the re-entry of the banks into the field of mortgage lending.

The following table shows the strong demand for mortgage credit and the response in supply in 1968. NHA approved lenders showed the sharpest increase in mortgage lending in 1968 partly because of a change of NHA regulations in February 1968 permitting them to earn current mortgage yields for a term of 15 to 25 years on NHA loans to corporate borrowers for multiple-dwelling projects. The increase in National Housing Act loans accompanied a narrowing in the spread between conventional and NHA mortgage interest rates. The decline in direct lending by Central Mortgage and Housing Corporation mainly affected loans for construction of single-family dwellings.

Mortgage Loan Approvals, Gross Basis
New Dwellings

	1966	1967	1968
<u>Dwelling units ('000)</u>			
NHA: Approved lenders	15	27	62
CMHC	38	44	28
Sub-total	53	71	90
Conventional lenders	54	69	86
Total	107	140	176
<u>Amount (million \$)</u>			
NHA: Approved lenders	191	356	831
CMHC	544	685	456
Sub-total	735	1,041	1,287
Conventional lenders	574	745	962
Total	1,309	1,786	2,249

Investment in Non-farm Business Inventories

Investment in non-farm business inventories showed an accumulation of \$479 million in 1968, compared with the \$189 million accumulation of the previous year. Accumulation occurred in every quarter, with a strong pick-up in the second half of the year.

The strongest investment was by retail trade dealers, in both durable and non-durable goods. Motor vehicle dealers accounted for virtually all the stock build-up in durables, while increases were widespread in non-durables. The stock-to-sales ratio was marginally higher than in 1967, and displayed little change between quarters.

There was moderate accumulation in the stocks of wholesalers, equally divided between durables and non-durables. The average stock-to-sales ratio was virtually the same as in 1967.

In manufacturing, both durable and non-durable goods-producing industries experienced moderate investment; this contrasts with 1967, when stocks of durables were liquidated and non-durables showed a higher rate of accumulation than in 1968. In durables, the build-up was concentrated mainly in the transportation, primary metal, metal fabricating and machinery-producing industries. In non-durables, movements were mixed and generally small. The average stock-to-shipments ratio was lower than in the previous year.

Value of Physical Change in Non-farm Business Inventories
(millions of dollars)

Industry	1967	1968				
		Quarters ^{1/}				Year
		1	2	3	4	
Manufacturing	36	64	-212	424	168	111
Durables	-50	4	-168	264	176	69
Non-durables	86	60	-44	160	-8	42
Wholesale	81	56	-32	60	108	48
Retail	33	280	436	224	324	316
Other industries	39	-112	204	-28	-48	4
Grand total	189	288	396	680	552	479

^{1/} Seasonally adjusted at annual rates.

Exports and Imports of Goods and Services

Canada's exports of goods and services rose to \$16.7 billion in 1968, an increase of 13-1/2 per cent from the 1967 level. With imports rising at a lesser rate, 10-1/2 per cent, the deficit on external account (on a National Accounts basis) declined by half to \$332 million. The merchandise trade surplus increased by \$814 million to \$1,295 million, all attributable to an improvement of \$825 million in the balance with the United States. This surplus was partly offset by a deterioration of \$479 million in the non-merchandise deficit.

Reflecting strong gains in the first and fourth quarters, merchandise exports increased by 19-1/2 per cent in 1968 -- the largest percentage gain in 17 years. On a "Trade of Canada" basis, over 40 per cent of the \$2.1 billion increase in domestic exports occurred in motor vehicles and parts; metals and minerals contributed around 20 per cent, and lumber and newsprint about 13 per cent. By areas, exports to the United States rose by over \$1.8 billion or 25 per cent, while purchases by the United Kingdom, Japan and the European Economic Community increased by 4, 6 and 11 per cent respectively.

Merchandise imports rose by 13 per cent, with the major increases also occurring in the first and fourth quarters. Motor vehicles and parts accounted for over half the increase, with energy materials and precious metals also showing significant advances. Machinery imports showed a decline, in line with the lower investment program. The United States accounted for over \$1 billion of the total increase in imports of \$1.3 billion, followed by Venezuela, Japan, the European Economic Community and the United Kingdom.

The main element in the larger service deficit was the deterioration of \$435 million in the net balance on tourist and travel transactions. Receipts fell by \$312 million from the Expo-bolstered level of 1967, while payments rose \$123 million.

Exports and Imports of Goods and Services
(National Accounts Basis)

	Goods			Services			Current Balance
	Exports	Imports	Net	Exports	Imports	Net	
millions of dollars							
1966	10,326	10,102	224	2,802	4,258	-1,456	-1,232
1967	11,387	10,906	481	3,361	4,509	-1,148	- 667
1968	13,597	12,302	1,295	3,138	4,765	-1,627	- 332
Percentage change between 1967 & 1968	19.4	12.8		-6.6	5.7		

The Government Sector

Total revenues of all governments combined in 1968 (excluding inter-governmental transfers) increased by over 13 per cent to \$24,155 million. Total expenditures rose less sharply, by about 11-1/2 per cent, to a level of \$23,355 million, resulting in an increase in the combined surplus (on a National Accounts basis) from \$157 million in 1967 to \$800 million in 1968.

With the exception of withholding taxes on investment income of non-residents, all revenue components advanced during the year. About half of the increase occurred in revenues from personal and corporate direct taxes which rose by 20 per cent from 1967. The major portion of the increase in this component was at the federal level and was associated with the imposition at the beginning of the year of a 3 per cent surtax on personal and corporate taxes. The increase at the provincial-municipal level also reflected some tax rate changes: the imposition of a surtax on personal income tax in the province of Quebec and higher hospital insurance premiums in Ontario.

Total indirect tax revenue rose by 8-1/2 per cent with the increase concentrated at the provincial-municipal level. A large portion of the provincial increase took place in revenues from gasoline and sales taxes; the result of both higher sales and tax rates. Gasoline and fuel oil taxes were increased in seven provinces; the general sales tax was raised in two provinces and the base broadened in four others; also the tobacco tax was raised in five provinces. The gain in property taxes, accounting for most of the rise at the municipal level, was also associated with higher tax rates.

Turning to the expenditure components, the largest increases, about \$1,000 million each, occurred in expenditure on goods and services and transfer payments to persons. The advance in outlays on goods and services was particularly strong at the provincial-municipal level and was associated with higher wage payments and capital outlays. At the federal level, the increase occurred in non-defence spending; defence expenditures were virtually unchanged.

About two-thirds of the increase in transfer payments to persons took place at the provincial-municipal level. Grants to hospitals and educational institutions and payments under the Ontario Residential Property Tax Reduction Act made in the second half of the year were mainly responsible for the rise. At the federal level, the increase was due to the further lowering of the age limit for old age security payments, higher unemployment benefits, (reflecting both higher levels of unemployment and a change in the benefit rates), and to larger adult occupational training grants.

Transfer payments from the federal government to provincial and municipal governments increased by \$460 million during the year. The largest increases occurred in payments under the taxation agreements, post-secondary education grants and grants under the Canada Assistance Plan and under the Hospital and Diagnostic Services Act.

With federal government expenditures rising by almost 11 per cent and revenues by 12 per cent, the deficit narrowed somewhat, from \$256 million to \$165 million. At the provincial-municipal level, revenues rose much more sharply than expenditures and resulted in a considerable narrowing of the deficit from \$473 million to \$25 million. The combined surplus of the Canada and Quebec Pension Plans increased from \$886 million in 1967 to \$990 million in 1968.

Components of Income

Labour Income

The increase in labour income of 8-1/2 per cent was slightly less than the 9 per cent gain recorded in 1967. However, the quarterly gains for the two years were quite different, decreasing in 1967 and increasing in 1968. With a moderate employment increase of 2 per cent, most of the gain reflected higher average earnings, thus repeating last year's experience.

In the goods-producing industries average earnings increased at a slightly faster rate than in 1967, while employment remained approximately constant; the overall increase in wages and salaries of 5-1/2 per cent was slightly lower than in the previous year. Wages and salaries in manufacturing increased by 6-1/2 per cent, in construction by 2 per cent, and in the primary industries by 4-1/2 per cent. In manufacturing, average earnings increased at a slightly faster rate than in 1967; employment for 1968 as a whole showed little change, though there were increases in the second half of the year. The relatively lower gains recorded in construction and in the primary industries were the result of lower rates of increase in average earnings and decreases in employment.

Wages and salaries in the service-producing industries increased by about 11 per cent as compared with 12 per cent in 1967. Increases in employment and average earnings were slightly lower than those recorded in 1967. Finance, insurance and real estate showed a marked acceleration, increasing by 12 per cent compared with 8-1/2 per cent in 1967, while transportation, storage and communication slowed down from a 12-1/2 per cent increase to 8-1/2 per cent in 1968. Other industry groups increased at almost the same rates as last year.

Corporation Profits

After declines in the preceding two years, net corporation profits advanced 17 per cent to reach a level of \$5.9 billion. Quarterly, profits gathered force from a moderate gain of 2 per cent in the first quarter, to growth rates of 6 and 5 per cent in the second and third quarters, and mounted 10 per cent in the final quarter.

Increases in costs which were a factor in the rather small increments in gross profits in 1966 and 1967 eased in 1968 and this, combined with a relatively strong sales performance in 1968, induced a marked recovery in profits. The pattern of net profits was further influenced by movements in capital consumption allowances in these years. In 1966 and 1967 the small increases in gross profits were more than absorbed by increases in capital consumption allowances of 10 and 6 per cent respectively, while in 1968 a levelling off in these allowances combined with the 10 per cent increase in gross profits to produce the 17 per cent increase. These movements in capital cost allowances relate to the withdrawal in late 1967 of special provisions permitting accelerated write-offs of certain classes of assets.

With few exceptions, profits advances predominated in all industry groups. The mining industry posted a 9 per cent profit improvement, manufacturing 25 per cent, wholesale trade 14 per cent, retail trade 4 per cent, and finance 30 per cent. The exceptions occurred in the utilities group where profits remained unchanged, in the transportation, storage, and communication industry which experienced a 2 per cent drop, and in services, where profits slipped 12 per cent.

Within the manufacturing group, profit mounted in all industries except petroleum and coal which dipped 5 per cent. Brisk rises occurred in the food and beverage, textile, wood, paper, metal, non-metallic mineral and chemical groups, while more modest advances were registered in the rubber, printing, and electrical groups.

Other Investment Income

Rent, interest and miscellaneous investment income rose by 9-1/2 per cent in 1968 compared with 13 per cent in 1967. Government investment income for all levels combined was higher by \$225 million against a rise of \$336 million in 1967. About 45 per cent of the increase in government investment income came from higher trading profits of government enterprises.

Accrued Net Income of Farm Operators

Accrued net income of farm operators advanced slightly more than 5-1/2 per cent from the previous year reaching a level of \$1,796 million.

The value of grain production rose largely as a result of an increase in the estimated value of the 1968 crop. Partially offsetting this gain was the unusually low level of profits of the Canadian Wheat Board reflecting, in the main, lower exports over the period. The value of livestock production was virtually unchanged from the preceding year. Cash income from the sale of other farm products showed a moderate increase, somewhat lower than the gain in 1967. In this component, the most significant contributions came from dairy products (which include federal subsidies).

As a result of the above increases, the gross income of farm operators rose by over 10 per cent during the year. However, higher operating expenses dampened the increase somewhat, leading to a 5-1/2 per cent increase in net income.

Net income of farm operators, which is reflected in personal income, advanced 13 per cent from 1967, due in the main to the record high payments of the Canadian Wheat Board in respect of the 1966-67 crop year. These payments reached a level of \$359 million compared with \$312 million and \$229 million in 1967 and 1966 respectively.

Net Income of Non-farm Unincorporated Business

Net income of non-farm unincorporated business rose to a level of \$3,422 million, 7 per cent higher than the previous year. Gains were widespread with the most significant advance occurring in construction, which contributed more than one-third of the increase. The service industries and retail trade made somewhat smaller contributions.

Real Domestic Product^{1/}

In 1968 real domestic product rose by 4.2 per cent compared with a 2.7 per cent advance in 1967. Although the increase in the output of the domestic economy was widespread, the largest contribution (nearly 30 per cent) came from the manufacturing division, almost equally shared between durables and non-durables. Finance, insurance and real estate; the community, business and personal service industries; and trade each contributed 10 per cent to the increase. Two-thirds of the increase in trade came from retail trade, with sales of department stores and motor vehicle dealers registering the most important increases. Other industries that registered increases were transportation, storage and communication, and construction.

FOURTH QUARTER 1968

The Canadian economy ended the year on a strong note. A fourth quarter advance of 3-1/2 per cent carried Gross National Product to the \$70 billion mark, seasonally adjusted at annual rates. After allowing for price rises, the gain in real terms was 2.6 per cent,^{2/} the largest since the first quarter of 1966.

The forces of expansion were widespread. Personal expenditures rose by 2 per cent, with non-durables and services accounting for the entire increase, as sales of cars, the major component in durables, remained practically unchanged after a large increase in the third quarter. Government spending on goods and services advanced by 4 per cent, compared with rates of increase averaging around 2 per cent in the previous quarters of the year. Turning to investment, there was a forward thrust of building activity in housing -- the second this year, the first having occurred in the second quarter. The current rise of 9 per cent was reflected in an unprecedented level of starts as well as a high level of completions. Investment in plant and equipment rose by a moderate 1-1/2 per cent, entirely the result of sharply increased outlays in non-residential construction, as investment in machinery and equipment declined slightly.

The fourth quarter saw intensified activity in the external sector. There was a sharply renewed expansion in merchandise exports, 6-1/2 per cent, after a slight decline in the preceding quarter, and a marked acceleration in merchandise imports, 8 per cent from 3 per cent in the preceding quarter. Because a moderate deterioration in the merchandise surplus was almost offset by a narrowing of the deficit in service transactions, the overall deficit widened only slightly, from \$496 to \$524 million on a National Accounts basis.

The salient features on the income side were the very strong increases in corporation profits and in wages and salaries. A significant part of the unusually large 10 per cent rise in profits was due to a levelling in capital cost allowances; gross profits which include capital cost allowances rose by 6 per cent. The rise in net profits was centered in manufacturing which recorded a 24 per cent increase, with all component groups sharing in the advance. Wages and salaries also made hefty gains, 3-1/2 per cent, the largest increase since the first quarter of 1966. Widespread employment increases contributed about as much as higher rates of pay to the total wage bill; this was a marked departure from the experience of recent quarters, when higher average earnings were the dominant factor. After six quarters of little change, the 2 per cent pick-up in manufacturing employment was particularly notable. With employment rising a little faster than the labour force, the average unemployment rate for the quarter fell slightly to 4.9 per cent.

^{1/} For further information see Index of Industrial Production, January 1969, DBS 61-005.

^{2/} Real Domestic Product at factor cost shows a 2 per cent gain in real terms for the quarter. See Note ^{1/} on page 5 for explanation of the differences between the two measures.

Price Movements

The implicit price index for Gross National Expenditure rose by 0.8 per cent compared with an advance of 1.0 per cent in the third quarter. Lower rates of price increase in gross fixed capital formation and in government expenditure more than offset some acceleration in consumer expenditure and in export prices.

The personal expenditure price index registered an increase of 1.1 per cent, larger than in the previous quarter, with an acceleration in the rate of price increase in goods and a continued high rate of advance in services. Much of the 1.1 per cent advance in the non-durable goods index was attributable to a 1.7 per cent increase in food prices, primarily dairy products, beef and pork. Increases were also recorded in the prices for electricity, women's clothing and auto parts. The durable goods index rose slightly, the result of higher prices for new cars.

Among service items, the largest increases were recorded in transportation, medical care and recreation; rents continued to advance, but at a lower rate than in the previous quarter.

In business gross fixed capital formation, machinery and equipment prices moved up marginally. Prices associated with construction were mixed: they slowed down noticeably in residential but accelerated sharply in non-residential construction. In total, the price index for capital goods rose by 0.7 per cent compared with 0.9 per cent last quarter.

Selected Base Weighted Price Indexes - Seasonally Adjusted Percentage Change from Previous Quarter

	1966			1967				1968			
	II	III	IV	I	II	III	IV	I	II	III	IV
Personal expenditure	1.0	0.6	0.9	0.4	1.3	1.3	0.7	1.3	0.8	0.9	1.1
Non-durable goods	1.1	0.5	0.5	-0.1	0.8	1.2	0.4	1.8	0.7	0.6	1.1
Food	1.2	0.7	-0.2	-0.9	-0.6	2.0	0.8	1.4	-0.1	0.6	1.7
Non-food	1.1	0.4	1.1	0.6	1.8	0.6	-	2.2	1.3	0.7	0.5
Durable goods	0.8	-0.3	1.2	-0.1	1.4	1.0	1.1	-0.1	0.2	-0.1	0.3
Total goods	1.1	0.4	0.6	-	0.8	1.2	0.5	1.4	0.6	0.5	0.9
Services excluding net expenditure abroad	1.1	1.0	1.2	1.3	2.1	1.5	0.8	1.0	1.2	1.5	1.5
Business gross fixed capital formation	1.3	1.2	1.0	0.8	-0.5	-0.2	0.7	1.0	1.2	0.9	0.7
Residential construction	1.4	2.2	1.9	0.4	1.9	1.1	1.8	1.7	1.9	1.4	1.0
Non-residential construction ...	1.3	1.3	1.5	1.2	1.3	0.6	0.7	1.3	1.7	0.6	1.2
Machinery and equipment	1.3	0.7	0.2	0.6	-3.2	-1.7	-	0.4	0.4	0.8	0.1
Exports	0.6	1.7	0.6	0.3	-	0.1	0.4	1.1	0.7	0.2	0.4
of which merchandise	0.5	1.7	0.4	-	-0.4	-0.3	0.4	1.2	0.3	-0.1	0.1
Gross National Expenditure (excluding inventories)	1.3	1.0	1.1	0.8	0.6	1.0	0.7	1.2	1.1	1.2	0.8
Gross National Expenditure (implicit prices)	1.2	1.3	0.7	1.1	0.5	1.0	0.5	1.4	0.5	1.0	0.8

The Components of Demand

Personal expenditure reached a level of \$42.2 billion, seasonally adjusted at annual rates, an increase of 2 per cent from the third quarter. Both non-durable goods and services registered advances, while purchases of durable goods were virtually unchanged after increasing by 8 per cent in the previous quarter.

Expenditure on non-durable goods increased by over 2-1/2 per cent, with nearly all components contributing to the rise. Advances of 5-1/2 and 5 per cent respectively occurred in tobacco and alcoholic beverages, while expenditure on energy sources rose by 1 per cent after a large increase in the previous quarter. Both the food and clothing components advanced by 1-1/2 per cent, considerably more than in the third quarter.

Among the components of durable goods, new and used car purchases increased only slightly after the large 13-1/2 per cent advance of the previous quarter; purchases of cars of overseas manufacture declined for the first time in seven quarters. Increases of 3 and 4 per cent respectively occurred in home furnishings and furniture, while the appliances and radios series declined by 3-1/2 per cent after a large rise in the third quarter.

Among components of services, increases of between 2-1/2 and 3 per cent occurred in recreation, transportation, medical care and household operations. Expenditures for shelter advanced by 1 per cent, less than half the rate of the average increase of the five previous quarters.

The rate of business gross fixed capital formation accelerated recording a 3.1 per cent increase compared with 1.8 per cent in the third quarter. This was entirely the result of sharply increased activity in both residential and non-residential construction, as investment in machinery and equipment declined slightly.

Housing construction paced the advance with a jump of 8.9 per cent, reflecting sharp increases in the number of starts, which rose from an annual rate of 174,000 to 231,000 units, and in completions, which rose from 174,000 to 182,000 units. By the end of December, the carry-over of units under construction amounted to 126,600 units, some 23,900 higher than at the start of the year. Non-residential construction was also very strong. The increase of 3.7 per cent, the largest this year, carried this investment category to its highest level since the first quarter of 1967. By contrast, investment in machinery and equipment fell somewhat, after a 3.6 per cent gain in the preceding quarter.

Business inventories were accumulated at the annual rate of \$552 million, compared with an accumulation of \$680 million in the third quarter. There was substantial investment at all three major industry levels, manufacturing, wholesale trade, and retail trade, but the latter, with a \$324 million investment, contributed over half of the total.

In manufacturing, most of the investment took place in durables, with a particularly sharp build-up in the stocks of metal, metal fabricating and machinery producing industries. Among non-durables, large increases in the stocks of food, tobacco, and petroleum were offset by a marked liquidation in the paper and leather producing industries. The stock-to-shipments ratio was higher than that of the previous quarter. With new orders being higher than shipments, the quarter ended with an increased backlog of unfilled orders.

In wholesale trade, the major part of the restocking also took place in durable lines, which represented a shift from a small liquidation in the third quarter. Increases in the stocks of motor vehicle dealers made up the bulk of the sizeable increase in retail trade inventories. The stock-to-sales ratio was higher than in the third quarter for both wholesale and retail trade, though the change was much more pronounced in the former.

With exports of goods and services increasing by \$776 million and imports by \$804 million, the balance on current account on a National Accounts basis for the quarter widened from a deficit of \$496 million at annual rates to a deficit of \$524 million. The merchandise surplus dropped from \$1,268 to \$1,144 million, while the non-merchandise deficit narrowed from \$1,764 to \$1,668 million.

The narrowing of the non-merchandise trade deficit is mainly attributable to lower deficits in tourist and travel and in interest and dividends.

Merchandise exports rose by 6-1/2 per cent from the third quarter level. Increases were marked for forest products, automotive products, chemicals and fertilizers, aircraft and parts. Merchandise imports climbed 8 per cent. Increases were recorded in industrial materials, construction materials, producers' equipment, motor vehicles and parts, other transportation equipment, food and other consumer goods.

Transactions with Non-Residents
Seasonally Adjusted at Annual Rates
(National Accounts Basis)

	Exports			Imports		
	IIIQ'68	IVQ'68	Per cent Change	IIIQ'68	IVQ'68	Per cent Change
(millions of dollars)						
Goods	13,436	14,312	6.5	12,168	13,168	8.2
Services	3,200	3,100	-3.1	4,964	4,768	-3.9
Gold available for export	108	112	3.7	-	-	-
Tourist and travel	1,016	944	-7.1	1,116	1,012	-9.3
Interest and dividends	380	316	-16.8	1,384	1,236	-10.7
Freight and shipping	908	924	1.8	920	956	3.9
Other transactions	788	804	2.0	1,544	1,564	1.3
Total	16,636	17,412	4.7	17,132	17,936	4.7

The Government Sector

Total revenues of all governments combined (excluding inter-governmental transfers) rose to \$25,836 million at an annual rate in the fourth quarter, 6-1/2 per cent above the third quarter rate. More than half of the increase occurred in revenues from direct taxation, particularly in personal income taxes levied on rising incomes. Indirect tax revenues also rose sharply during the quarter with the larger increases occurring in federal excise taxes and provincial sales and gasoline taxes. Contributions to social insurance and government pension funds advanced more sharply than usual, resulting from salary increases to federal employees.

Total expenditures of all governments increased by just over 2-1/2 per cent in the quarter, to \$24,460 million. The major portion of the rise took place in expenditures on goods and services. Federal outlays increased more sharply than those at the provincial-municipal level reflecting, in part, higher wage and salary payments. Transfer payments to the personal sector rose by \$160 million. At the federal level, increases in scholarships and grants and adult occupational training payments were dampened somewhat by a decline in unemployment insurance benefits. The increase in provincial transfers was due mainly to higher grants to educational institutions.

With the increase in revenues more than double the rise in expenditures, the surplus of the government sector as a whole, on a National Accounts basis, increased from \$436 million in the third quarter to \$1,376 million in the fourth. More than half of the change occurred at the provincial-municipal level, where a deficit of \$460 million gave way to a surplus of \$84 million. The federal government moved from a deficit of \$80 million to a surplus of \$248 million while the surplus of the Canada and Quebec Pension Plans increased slightly.

The Components of Income

Total labour income increased by almost 3-1/2 per cent in the fourth quarter -- the largest quarterly gain in almost three years. The service-producing industries advanced by slightly more than 4 per cent, the goods-producing industries by 2-1/2 per cent.

The 2-1/2 per cent increase in the goods-producing industries was notably higher than the average quarterly advances in 1967 and in 1968 and accounted for about 30 per cent of the total increase in labour income. Manufacturing registered the largest gain, 3-1/2 per cent, reflecting employment increases and higher average earnings in about equal proportion. The rise in employment was a reversal of the general trend of declines or little change during the previous six quarters, while the increase in average earnings continued the trend of the last few years. In construction, wages and salaries increased only slightly, while in the primary industries they remained virtually unchanged.

The 4 per cent gain in the service-producing industries was also higher than in the preceding quarters. In transportation, storage, communication and other utilities labour income increased by over 6 per cent, with slightly larger increases in average earnings than in employment. All other industries showed increases of about 4 per cent.

Net corporation profits posted an exceptionally strong 10 per cent rise in the fourth quarter, to a level of \$6.6 billion, seasonally adjusted at annual rates. It was the strongest quarterly advance since the second quarter of 1961. Gross profits also increased strongly, 6 per cent, while capital consumption allowances were virtually unchanged.

The chief momentum in the fourth quarter improvement came from a 24 per cent expansion in manufacturing profits. Movements were mixed in other groups: both wholesale and retail trade maintained advances of 12 and 8 per cent respectively; finance, insurance and real estate increased by 5 per cent and the services group by 8 per cent. Declines were registered in mining, 14 per cent, transportation, storage and communication, 3 per cent, and in utilities, 9 per cent.

All groups within the manufacturing industry displayed higher fourth quarter profit advances. Substantial rises, of over 20 per cent, were experienced in the rubber, textile, wood, paper, printing, metal, electrical and petroleum and coal industries. Lesser gains were made in the food and beverage, non-metallic mineral, and chemical groups.

Rent, interest and miscellaneous investment income rose by \$168 million, or by 3.5 per cent, from the level of the third quarter, on a seasonally adjusted basis at annual rates. The increase was mainly attributable to higher trading profits of government enterprises.

Accrued net income of farm operators rose 6 per cent from the third quarter. With the value of grain production remaining unchanged, the increase was almost entirely due to a sharp rise in the value of livestock production, largely the result of an accumulation in inventories. Partially offsetting this gain was a decline in cash receipts from the sale of other farm products.

Net income of non-farm unincorporated business increased to \$3,536 million, 1-1/2 per cent above the third quarter level. The gain was almost entirely due to an increase in net income from construction as changes in other industries, notably retail trade and the services, were largely offsetting.

Real Domestic Product^{1/}

Real Domestic Product, seasonally adjusted, advanced by 2.0 per cent in the final quarter of 1968. This advance, which was the largest since the first quarter of 1966, followed increases of 1.2, 1.4 and 1.0 per cent, respectively, in the first three quarters of this year. The goods-producing industries, with an increase of 3.0 per cent, were responsible for over 70 per cent of the total increase.

Manufacturing accounted for nearly one-half of the total advance, the major part of which came from non-durables. For the first time in many years every one of the major groups in non-durables recorded increases, but the most notable occurred in paper and allied industries. In durables the most significant increase took place in sawmills and planing mills which were affected by greater exports of lumber to the United States.

The transportation, storage and communication and the agriculture divisions accounted for close to one-third of the total advance. The most significant changes in the former division were a large increase in water transportation in the latter part of the quarter and a large increase in railway transportation (particularly of agricultural products) in the earlier part of the quarter. A substantial increase in the production of livestock was the main reason for the advance in agricultural output.

^{1/} For further information see Index of Industrial Production, January 1969, DBS 61-005.

TABLES UNADJUSTED FOR SEASONAL VARIATION

TABLE 1. National Income and Gross National Product, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	6,052	6,465	6,781	6,881	26,179	6,894	7,364	7,665	7,738	29,661
2. Military pay and allowances	145	153	149	140	587	168	145	147	161	621
3. Corporation profits before taxes	1,055	1,409	1,330	1,405	5,199	1,130	1,440	1,209	1,366	5,145
4. Deduct: Dividends paid to non-residents(1)	- 197	- 148	- 161	- 274	- 780	- 172	- 145	- 153	- 334	- 804
5. Rent, interest and miscellaneous investment income	824	848	869	996	3,537	903	937	940	1,064	3,844
6. Accrued net income of farm operators from farm production(2)	10	100	1,305	230	1,645	100	201	1,662	241	2,204
7. Net income of non-farm unincorporated business(3)	581	720	712	864	2,877	622	712	722	893	2,949
8. Inventory valuation adjustment(4)	- 41	- 117	- 55	- 112	- 325	- 118	- 86	- 65	- 52	- 321
9. NET NATIONAL INCOME AT FACTOR COST ...	8,429	9,430	10,930	10,130	38,919	9,527	10,568	12,127	11,077	43,299
10. Indirect taxes less subsidies	1,713	1,780	1,869	1,876	7,238	1,932	1,974	2,053	1,991	7,950
11. Capital consumption allowances and miscellaneous valuation adjustments	1,432	1,546	1,516	1,616	6,110	1,547	1,700	1,647	1,729	6,623
12. Residual error of estimate	- 108	- 38	46	36	- 64	- 102	45	116	173	232
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	11,466	12,718	14,361	13,658	52,203	12,904	14,287	15,943	14,970	58,104
14. (Gross national product at market prices excluding accrued net income of farm operators)	(11,456)	(12,618)	(13,056)	(13,428)	(50,558)	(12,804)	(14,086)	(14,281)	(14,729)	(55,900)

(1) Includes the withholding tax applicable to this item.

(2) Includes change in farm inventories as shown in line 11, Table 4. An adjustment has been made to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board.

(3) Includes net income of independent professional practitioners.

(4) See footnote 4, Table 2.

TABLE 2. Gross National Expenditure, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	7,313	7,975	7,824	8,949	32,061	8,065	8,548	8,556	9,679	34,848
2. Government expenditure on goods and services(1,2)	2,115	2,441	2,603	2,455	9,614	2,449	2,743	3,156	2,938	11,286
3. Business gross fixed capital formation(3)	2,136	2,650	2,866	2,999	10,651	2,638	3,328	3,120	3,407	12,493
4. New residential construction	469	510	548	597	2,124	512	563	534	562	2,171
5. New non-residential construction ...	714	912	1,219	1,179	4,024	866	1,247	1,315	1,422	4,850
6. New machinery and equipment	953	1,228	1,099	1,223	4,503	1,260	1,518	1,271	1,423	5,472
7. Value of physical change in inventories(4)	214	- 15	1,085	- 336	948	45	120	1,219	- 444	940
8. Non-farm business inventories	492	96	164	153	905	390	272	67	48	777
9. Farm inventories and grain in commercial channels	- 278	- 111	921	- 489	43	- 345	- 152	1,152	- 492	163
10. Exports of goods and services	2,289	2,782	3,128	3,066	11,265	2,742	3,265	3,642	3,479	13,128
11. Deduct: Imports of goods and services ..	2,709	- 3,154	3,098	- 3,439	12,400	3,137	- 3,672	3,635	- 3,916	- 14,360
12. Residual error of estimate	108	39	- 47	- 36	64	102	- 45	- 115	- 173	- 231
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	11,466	12,718	14,361	13,658	52,203	12,904	14,287	15,943	14,970	58,104

(1) Includes outlays on new durable assets such as building and highway construction by governments, other than government business enterprises. Also includes net purchases of government commodity agencies.

(2) For details of defence expenditures see line 3, Table 6.

(3) Includes capital expenditures by private and government business enterprises, private non-commercial institutions, and outlays on new residential construction by individuals and business investors.

(4) The book value of inventories is deflated to remove the effect of price changes and the derived "physical" change is then valued at average prices of the current period to obtain the value of physical change. The difference between this value of physical change and the change in book value is called the inventory valuation adjustment. (See line 8, Table 1).

TABLE 1. National Income and Gross National Product, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	7,629	8,076	8,369	8,315	32,389	8,203	8,718	9,116	9,188	35,225
2. Military pay and allowances	183	172	173	176	704	173	159	184	180	696
3. Corporation profits before taxes	1,016	1,354	1,270	1,380	5,020	1,129	1,574	1,464	1,710	5,877
4. Deduct: Dividends paid to non-residents(1)	- 161	- 158	- 180	- 299	- 798	- 190	- 188	- 193	- 270	- 841
5. Rent, interest and miscellaneous investment income	979	1,055	1,090	1,215	4,339	1,114	1,152	1,183	1,309	4,758
6. Accrued net income of farm operators from farm production(2)	148	215	1,211	124	1,698	72	66	1,453	205	1,796
7. Net income of non-farm unincorporated business(3)	626	776	820	972	3,194	690	837	855	1,040	3,422
8. Inventory valuation adjustment(4)	- 79	- 85	- 33	- 94	- 291	- 83	- 54	- 39	- 129	- 305
9. NET NATIONAL INCOME AT FACTOR COST ...	10,341	11,405	12,720	11,789	46,255	11,108	12,264	14,023	13,233	50,628
10. Indirect taxes less subsidies	2,168	2,163	2,164	2,210	8,705	2,327	2,295	2,400	2,499	9,521
11. Capital consumption allowances and miscellaneous valuation adjustments	1,695	1,852	1,718	1,735	7,000	1,767	1,901	1,777	1,815	7,260
12. Residual error of estimate	- 140	69	81	139	149	- 166	- 17	88	54	- 41
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	14,064	15,489	16,683	15,873	62,109	15,036	16,443	18,288	17,601	67,368
14. (Gross national product at market prices excluding accrued net income of farm operators)	(13,916)	(15,274)	(15,472)	(15,749)	(60,411)	(14,964)	(16,377)	(16,835)	(17,396)	(65,572)

(1) Includes the withholding tax applicable to this item.

(2) Includes change in farm inventories as shown in line 11, Table 4. An adjustment has been made to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board.

(3) Includes net income of independent professional practitioners.

(4) See footnote 4, Table 2.

TABLE 2. Gross National Expenditure, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	8,678	9,369	9,224	10,443	37,714	9,484	10,052	10,014	11,366	40,916
2. Government expenditure on goods and services(1,2)	2,736	3,157	3,341	3,143	12,377	2,931	3,254	3,656	3,488	13,329
3. Business gross fixed capital formation(3)	2,929	3,490	3,073	3,117	12,609	2,792	3,319	3,209	3,433	12,753
4. New residential construction	405	597	663	672	2,337	525	716	754	836	2,831
5. New non-residential construction ...	1,043	1,199	1,207	1,267	4,716	920	1,152	1,269	1,342	4,683
6. New machinery and equipment	1,481	1,694	1,203	1,178	5,556	1,347	1,451	1,186	1,255	5,239
7. Value of physical change in inventories(4)	- 67	- 129	966	- 545	225	- 74	- 141	1,254	- 379	660
8. Non-farm business inventories	248	- 5	105	- 159	189	251	49	183	- 4	479
9. Farm inventories and grain in commercial channels	- 315	- 124	861	- 386	36	- 325	- 190	1,071	- 375	181
10. Exports of goods and services	3,188	3,854	3,922	3,784	14,748	3,582	4,313	4,439	4,401	16,735
11. Deduct: Imports of goods and services	- 3,540	- 4,183	- 3,761	- 3,931	- 15,415	- 3,846	- 4,371	- 4,196	- 4,654	- 17,067
12. Residual error of estimate	140	- 69	- 82	- 138	- 149	167	17	- 88	- 54	42
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	14,064	15,489	16,683	15,873	62,109	15,036	16,443	18,288	17,601	67,368

(1) Includes outlays on new durable assets such as building and highway construction by governments, other than government business enterprises. Also includes net purchases of government commodity agencies.

(2) For details of defence expenditures see line 3, Table 6.

(3) Includes capital expenditures by private and government business enterprises, private non-commercial institutions, and outlays on new residential construction by individuals and business investors.

(4) The book value of inventories is deflated to remove the effect of price changes and the derived "physical" change is then valued at average prices of the current period to obtain the value of physical change. The difference between this value of physical change and the change in book value is called the inventory valuation adjustment. (See line 8, Table 1).

TABLE 3. Source of Personal Income, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	6,052	6,465	6,781	6,881	26,179	6,894	7,364	7,665	7,738	29,661
2. Deduct: Employer and employee contributions to social insurance and government pension funds	- 247	- 249	- 265	- 266	- 1,027	- 392	- 483	- 496	- 472	- 1,843
3. Military pay and allowances	145	153	149	140	587	168	145	147	161	621
4. Net income received by farm operators from farm production(1)	262	55	1,226	146	1,689	275	112	1,525	136	2,048
5. Net income of non-farm unincorporated business	581	720	712	864	2,877	622	712	722	893	2,949
6. Interest, dividends and net rental income of persons(2)	998	1,016	1,023	1,102	4,139	1,092	1,122	1,122	1,200	4,536
<u>Transfer payments to persons</u>										
7. From government (excluding interest)	1,222	1,113	1,110	1,129	4,574	1,292	1,218	1,235	1,302	5,047
8. Charitable contributions by corporations	11	11	11	11	44	11	11	11	11	44
9. PERSONAL INCOME	9,024	9,284	10,747	10,007	39,062	9,962	10,201	11,931	10,969	43,063

(1) This item differs from line 6, of Table 1, by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.

(2) Includes all government debt interest paid to persons.

TABLE 4. Disposition of Personal Income, by Quarters, 1964 and 1965
(millions of dollars)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal direct taxes	907	1,042	959	1,005	3,913	1,071	1,109	1,116	1,188	4,484
2. Income taxes	746	909	835	865	3,355	901	968	981	1,053	3,903
3. Succession duties and estate taxes ..	42	50	55	65	212	46	56	66	56	224
4. Miscellaneous	119	83	69	75	346	124	85	69	79	357
5. Personal expenditure on consumer goods and services	7,313	7,975	7,824	8,949	32,061	8,065	8,548	8,556	9,679	34,848
6. Non-durable goods	3,416	3,663	3,849	4,510	15,438	3,754	4,024	4,234	4,918	16,930
7. Durable goods	827	1,115	889	1,170	4,001	958	1,062	951	1,198	4,169
8. Services(1)	3,070	3,197	3,086	3,269	12,622	3,353	3,462	3,371	3,563	13,749
9. Personal net saving	804	267	1,964	53	3,088	826	544	2,259	102	3,731
10. Personal saving excluding change in farm inventories	1,059	355	1,027	591	3,032	1,120	661	1,159	642	3,582
11. Value of physical change in farm inventories	- 255	- 88	937	- 538	56	- 294	- 117	1,100	- 540	149
12. PERSONAL INCOME	9,024	9,284	10,747	10,007	39,062	9,962	10,201	11,931	10,969	43,063
13. (Personal disposable income)(2)	(8,117)	(8,242)	(9,788)	(9,002)	(35,149)	(8,891)	(9,092)	(10,815)	(9,781)	(38,579)

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 3. Source of Personal Income, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	7,629	8,076	8,369	8,315	32,389	8,203	8,718	9,116	9,188	35,225
2. Deduct: Employer and employee contributions to social insurance and government pension funds	- 491	- 533	- 556	- 451	- 2,031	- 556	- 580	- 589	- 573	- 2,298
3. Military pay and allowances	183	172	173	176	704	173	159	184	180	696
4. Net income received by farm operators from farm production(1)	400	121	1,161	103	1,785	173	267	1,413	169	2,022
5. Net income of non-farm unincorporated business	626	776	820	972	3,194	690	837	855	1,040	3,422
6. Interest, dividends and net rental income of persons(2)	1,173	1,211	1,211	1,299	4,894	1,273	1,334	1,325	1,383	5,315
<u>Transfer payments to persons</u>										
7. From government (excluding interest)	1,588	1,533	1,489	1,613	6,223	1,793	1,764	1,774	1,863	7,194
8. Charitable contributions by corporations	11	11	11	11	44	12	12	12	12	48
9. PERSONAL INCOME	11,119	11,367	12,678	12,038	47,202	11,761	12,511	14,090	13,262	51,624

(1) This item differs from line 6, of Table 1, by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.

(2) Includes all government debt interest paid to persons.

TABLE 4. Disposition of Personal Income, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal direct taxes	1,398	1,309	1,347	1,439	5,493	1,651	1,586	1,619	1,804	6,660
2. Income taxes	1,213	1,167	1,224	1,300	4,904	1,441	1,416	1,452	1,613	5,922
3. Succession duties and estate taxes ..	54	51	53	57	215	59	56	62	58	235
4. Miscellaneous	131	91	70	82	374	151	114	105	133	503
5. Personal expenditure on consumer goods and services	8,678	9,369	9,224	10,443	37,714	9,484	10,052	10,014	11,366	40,916
6. Non-durable goods	4,090	4,415	4,665	5,318	18,488	4,461	4,688	4,853	5,693	19,695
7. Durable goods	921	1,225	990	1,229	4,365	1,033	1,270	1,113	1,389	4,805
8. Services(1)	3,667	3,729	3,569	3,896	14,861	3,990	4,094	4,048	4,284	16,416
9. Personal net saving	1,043	689	2,107	156	3,995	626	873	2,457	92	4,048
10. Personal saving excluding change in farm inventories	1,328	809	1,363	619	4,119	951	984	1,354	583	3,872
11. Value of physical change in farm inventories	- 285	- 120	744	- 463	- 124	- 325	- 111	1,103	- 491	176
12. PERSONAL INCOME	11,119	11,367	12,678	12,038	47,202	11,761	12,511	14,090	13,262	51,624
13. (Personal disposable income) (2)	(9,721)	(10,058)	(11,331)	(10,599)	(41,709)	(10,110)	(10,925)	(12,471)	(11,458)	(44,964)

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 5. Government Revenue, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Direct taxes - Persons	907	1,042	959	1,005	3,913	1,071	1,109	1,116	1,188	4,484
2. Federal	621	757	661	677	2,716	661	746	752	796	2,955
3. Provincial and municipal	286	285	298	328	1,197	410	363	364	392	1,529
4. Direct taxes - Corporations	460	595	562	608	2,225	462	626	559	605	2,252
5. Federal(1)	346	448	423	458	1,675	348	471	421	456	1,696
6. (Federal tax collections)(1)	(359)	(566)	(396)	(394)	(1,715)	(398)	(528)	(409)	(392)	(1,727)
7. Provincial	114	147	139	150	550	114	155	138	149	556
8. (Provincial tax collections)	(145)	(149)	(143)	(117)	(554)	(143)	(159)	(147)	(123)	(572)
<u>Withholding taxes</u>										
9. Federal(2)	37	44	29	58	168	39	53	34	77	203
10. Indirect taxes	1,766	1,837	1,958	2,003	7,564	2,023	2,072	2,174	2,197	8,466
11. Federal	689	801	848	914	3,252	806	899	910	960	3,575
12. Provincial and municipal	1,077	1,036	1,110	1,089	4,312	1,217	1,173	1,264	1,237	4,891
13. Investment income	372	403	392	504	1,671	409	452	432	520	1,813
14. Federal	126	161	142	201	630	127	188	157	218	690
15. Provincial and municipal	246	242	250	303	1,041	282	264	273	299	1,118
16. Canada Pension Plan								2	3	5
17. Employer and employee contributions to social insurance and government pension funds	247	249	265	266	1,027	392	483	496	472	1,843
18. Federal	151	149	158	160	618	162	169	182	177	690
19. Provincial and municipal	96	100	107	106	409	104	107	114	114	439
20. Canada Pension Plan						95	150	147	139	531
21. Quebec Pension Plan						31	57	53	42	183
<u>Transfers from Federal</u>										
22. Provincial and municipal	387	364	313	370	1,434	396	421	393	452	1,662
23. TOTAL REVENUE	4,176	4,534	4,478	4,814	18,002	4,792	5,216	5,204	5,511	20,723
24. FEDERAL	1,970	2,360	2,261	2,468	9,059	2,143	2,526	2,456	2,684	9,809
25. PROVINCIAL AND MUNICIPAL	2,206	2,174	2,217	2,346	8,943	2,523	2,483	2,546	2,643	10,195
26. CANADA PENSION PLAN						95	150	149	142	536
27. QUEBEC PENSION PLAN						31	57	53	42	183

(1) Excludes refundable tax on corporate cash profits introduced May, 1966. The amounts collected in 1966 were: second quarter \$19 million, third quarter \$57 million and fourth quarter \$56 million. In 1967 the following amounts were collected: first quarter \$64 million, second quarter \$27 million, third quarter \$10 million and fourth quarter \$8 million. In the first quarter of 1968, refunding of overpayments exceeded collections by \$5 million. In the second quarter the amount collected was \$9 million. Refunding of the tax began in the third quarter and amounted to \$52 million, in the fourth quarter the amount refunded was \$36 million. (2) Beginning in 1962, the withholding tax series has been adjusted to conform more closely with the flow of interest and dividends to non-residents.

TABLE 5. Government Revenue, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Direct taxes - Persons	1,398	1,309	1,347	1,439	5,493	1,651	1,586	1,619	1,804	6,660
2. Federal	859	896	881	936	3,572	1,037	1,059	1,040	1,147	4,283
3. Provincial and municipal	539	413	466	503	1,921	614	527	579	657	2,377
4. Direct taxes - Corporations	441	604	555	608	2,208	490	674	644	785	2,593
5. Federal(1)	325	446	410	449	1,630	365	502	480	585	1,932
6. (Federal tax collections)(1)	(400)	(569)	(423)	(413)	(1,805)	(409)	(484)	(557)	(426)	(1,876)
7. Provincial	116	158	145	159	578	125	172	164	200	661
8. (Provincial tax collections)	(149)	(160)	(162)	(141)	(612)	(180)	(166)	(187)	(150)	(683)
<u>Withholding taxes</u>										
9. Federal(2)	41	66	37	74	218	49	60	40	60	209
10. Indirect taxes	2,255	2,275	2,330	2,367	9,227	2,419	2,388	2,566	2,648	10,021
11. Federal	879	942	921	965	3,707	856	906	949	1,053	3,764
12. Provincial and municipal	1,376	1,333	1,409	1,402	5,520	1,563	1,482	1,617	1,595	6,257
13. Investment income	440	523	546	640	2,149	522	580	582	690	2,374
14. Federal	126	210	215	249	800	162	221	242	253	878
15. Provincial and municipal	307	306	321	378	1,312	346	339	322	409	1,416
16. Canada Pension Plan	7	7	10	13	37	14	20	18	28	80
17. Employer and employee contributions to social insurance and government pension funds	491	533	556	451	2,031	556	580	589	573	2,298
18. Federal	172	173	198	161	704	196	182	200	249	827
19. Provincial and municipal	114	117	124	123	478	132	133	141	140	546
20. Canada Pension Plan	152	179	172	121	624	168	193	191	134	686
21. Quebec Pension Plan	53	64	62	46	225	60	72	57	50	239
<u>Transfers from Federal</u>										
22. Provincial and municipal	446	538	495	513	1,992	591	653	571	637	2,452
23. TOTAL REVENUE	5,512	5,848	5,866	6,092	23,318	6,278	6,521	6,611	7,197	26,607
24. FEDERAL	2,402	2,733	2,662	2,834	10,631	2,665	2,930	2,951	3,347	11,893
25. PROVINCIAL AND MUNICIPAL	2,898	2,865	2,960	3,078	11,801	3,371	3,306	3,394	3,638	13,709
26. CANADA PENSION PLAN	159	186	182	134	661	182	213	209	162	766
27. QUEBEC PENSION PLAN	53	64	62	46	225	60	72	57	50	239

(1) Excludes refundable tax on corporate cash profits introduced May, 1966. The amounts collected in 1966 were: second quarter \$19 million, third quarter \$57 million and fourth quarter \$56 million. In 1967 the following amounts were collected: first quarter \$64 million, second quarter \$27 million, third quarter \$10 million and fourth quarter \$8 million. In the first quarter of 1968, refunding of overpayments exceeded collections by \$5 million. In the second quarter the amount collected was \$9 million. Refunding of the tax began in the third quarter and amounted to \$52 million, in the fourth quarter the amount refunded was \$36 million. (2) Beginning in 1962, the withholding tax series has been adjusted to conform more closely with the flow of interest and dividends to non-residents.

TABLE 6. Government Expenditure, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Goods and services	2,115	2,441	2,603	2,455	9,614	2,449	2,743	3,156	2,938	11,286
2. Federal	834	770	878	811	3,293	939	906	1,056	1,019	3,920
3. (Defence)	(460)	(352)	(380)	(367)	(1,559)	(481)	(369)	(406)	(453)	(1,709)
4. Provincial and municipal	1,281	1,671	1,725	1,644	6,321	1,510	1,837	2,100	1,919	7,366
5. Transfer payments to persons (excluding interest on the public debt)	1,222	1,113	1,110	1,129	4,574	1,292	1,218	1,235	1,302	5,047
6. Federal	656	594	533	529	2,312	676	622	581	599	2,478
7. Provincial and municipal	566	519	577	600	2,262	616	596	654	703	2,569
8. Canada Pension Plan										
9. Quebec Pension Plan										
10. Interest on the public debt	379	440	388	438	1,645	417	483	429	476	1,805
11. Federal	253	271	262	266	1,052	278	293	293	287	1,151
12. Provincial and municipal	126	169	126	172	593	139	190	136	189	654
13. Subsidies	53	57	89	127	326	91	98	121	206	516
14. Federal	44	50	55	110	259	55	75	69	176	375
15. Provincial	9	7	34	17	67	36	23	52	30	141
<u>Capital Assistance(1)</u>										
16. Federal	20	21	21	22	84	8	22	14	15	59
Transfers to other levels of government:										
17. Federal	387	364	313	370	1,434	396	421	393	452	1,662
18. Total expenditure	4,176	4,436	4,524	4,541	17,677	4,653	4,985	5,348	5,389	20,375
19. Federal	2,194	2,070	2,062	2,108	8,434	2,352	2,339	2,406	2,548	9,645
20. Provincial and municipal	1,982	2,366	2,462	2,433	9,243	2,301	2,646	2,942	2,841	10,730
21. Canada Pension Plan										
22. Quebec Pension Plan										
23. Deficit (-) or Surplus	-	98	- 46	273	325	139	231	- 144	122	348
24. Federal	- 224	290	199	360	625	- 209	187	50	136	164
25. Provincial and municipal	224	- 192	- 245	- 87	- 300	222	- 163	- 396	- 198	- 535
26. Canada Pension Plan						95	150	149	142	536
27. Quebec Pension Plan						31	57	53	42	183
28. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	4,176	4,534	4,478	4,814	18,002	4,792	5,216	5,204	5,511	20,723
29. FEDERAL	1,970	2,360	2,261	2,468	9,059	2,143	2,526	2,456	2,684	9,809
30. PROVINCIAL AND MUNICIPAL	2,206	2,174	2,217	2,346	8,943	2,523	2,483	2,546	2,643	10,195
31. CANADA PENSION PLAN						95	150	149	142	536
32. QUEBEC PENSION PLAN						31	57	53	42	183

(1) From 1961 on, this item is treated as government current expenditure; prior to 1961, it was treated as capital transfer.

TABLE 6. Government Expenditure, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Goods and services	2,736	3,157	3,341	3,143	12,377	2,931	3,254	3,656	3,488	13,329
2. Federal	1,034	1,084	1,112	1,029	4,259	1,104	1,045	1,162	1,164	4,475
3. (Defence)	(470)	(426)	(471)	(438)	(1,805)	(481)	(419)	(433)	(479)	(1,812)
4. Provincial and municipal	1,702	2,073	2,229	2,114	8,118	1,827	2,209	2,494	2,324	8,854
5. Transfer payments to persons (excluding interest on the public debt)	1,588	1,533	1,489	1,613	6,223	1,793	1,764	1,774	1,863	7,194
6. Federal	771	778	686	701	2,936	856	878	757	786	3,277
7. Provincial and municipal	817	755	803	912	3,287	936	883	1,013	1,070	3,902
8. Canada Pension Plan						1	2	3	5	11
9. Quebec Pension Plan						-	1	1	2	4
10. Interest on the public debt	438	525	474	545	1,982	497	613	558	594	2,262
11. Federal	283	314	320	328	1,245	308	370	378	353	1,409
12. Provincial and municipal	155	211	154	217	737	189	243	180	241	853
13. Subsidies	87	112	166	157	522	92	93	166	149	500
14. Federal	61	99	110	120	390	69	77	106	123	375
15. Provincial	26	13	56	37	132	23	16	60	26	125
<u>Capital Assistance(1)</u>										
16. Federal	13	15	12	25	65	20	9	27	14	70
Transfers to other levels of government:										
17. Federal	446	538	495	513	1,992	591	653	571	637	2,452
18. Total expenditure	5,308	5,880	5,977	5,996	23,161	5,924	6,386	6,752	6,745	25,807
19. Federal	2,608	2,828	2,735	2,716	10,887	2,948	3,032	3,001	3,077	12,058
20. Provincial and municipal	2,700	3,052	3,242	3,280	12,274	2,975	3,351	3,747	3,661	13,734
21. Canada Pension Plan						1	2	3	5	11
22. Quebec Pension Plan						-	1	1	2	4
23. Deficit (-) or Surplus	204	- 32	- 111	96	157	354	135	- 141	452	800
24. Federal	- 206	- 95	- 73	118	- 256	- 283	- 102	- 50	270	- 165
25. Provincial and municipal	198	- 187	- 282	- 202	- 473	396	- 45	- 353	- 23	- 25
26. Canada Pension Plan	159	186	182	134	661	181	211	206	157	755
27. Quebec Pension Plan	53	64	62	46	225	60	71	56	48	235
28. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	5,512	5,848	5,866	6,092	23,318	6,278	6,521	6,611	7,197	26,607
29. FEDERAL	2,402	2,733	2,662	2,834	10,631	2,665	2,930	2,951	3,347	11,893
30. PROVINCIAL AND MUNICIPAL	2,898	2,865	2,960	3,078	11,801	3,371	3,306	3,394	3,638	13,709
31. CANADA PENSION PLAN	159	186	182	134	661	182	213	209	162	766
32. QUEBEC PENSION PLAN	53	64	62	46	225	60	72	57	50	239

(1) From 1961 on, this item is treated as government current expenditure; prior to 1961, it was treated as capital transfer.

TABLE 7. Source of National Saving, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal net saving	804	267	1,964	53	3,088	826	544	2,259	102	3,731
2. Business gross saving	1,383	2,092	2,025	2,004	7,504	1,645	2,262	2,065	2,008	7,980
3. Undistributed corporation profits	183	480	409	282	1,354	265	451	267	159	1,142
4. Capital consumption allowances and miscellaneous valuation adjustments	1,432	1,546	1,516	1,616	6,110	1,547	1,700	1,647	1,729	6,623
5. Adjustment on grain transactions(1) ..	- 252	45	79	84	- 44	- 175	89	137	105	156
6. Capital assistance	20	21	21	22	84	8	22	14	15	59
7. Inventory valuation adjustment	- 41	- 117	- 55	- 112	- 325	- 118	- 86	- 65	- 52	- 321
8. Government surplus or deficit (-)	-	98	- 46	273	325	139	231	- 144	122	348
9. Residual error of estimate	- 108	- 38	46	36	- 64	- 102	45	116	173	232
10. Totals	2,038	2,302	3,934	2,254	10,528	2,390	2,996	4,231	2,353	11,970

(1) This item is an adjustment to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board. See also footnote 1, Table 3.

TABLE 8. Disposition of National Saving, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Business gross fixed capital formation ..	2,136	2,650	2,866	2,999	10,651	2,638	3,328	3,120	3,407	12,493
2. New residential construction	469	510	548	597	2,124	512	563	534	562	2,171
3. New non-residential construction	714	912	1,219	1,179	4,024	866	1,247	1,315	1,422	4,850
4. New machinery and equipment	953	1,228	1,099	1,223	4,503	1,260	1,518	1,271	1,423	5,472
5. Value of physical change in inventories	214	- 15	1,085	- 336	948	45	120	1,219	- 444	940
6. Surplus or deficit (-) on current account with non-residents	- 420	- 372	30	- 373	- 1,135	- 395	- 407	7	- 437	- 1,232
7. Residual error of estimate	108	39	- 47	- 36	64	102	- 45	- 115	- 173	- 231
8. Totals	2,038	2,302	3,934	2,254	10,528	2,390	2,996	4,231	2,353	11,970

TABLE 7. Source of National Saving, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal net saving	1,043	689	2,107	156	3,995	626	873	2,457	92	4,048
2. Business gross saving	1,622	2,322	2,074	1,990	8,008	1,890	2,200	2,253	2,278	8,621
3. Undistributed corporation profits	166	361	294	209	1,030	204	491	409	413	1,517
4. Capital consumption allowances and miscellaneous valuation adjustments	1,695	1,852	1,718	1,735	7,000	1,767	1,901	1,777	1,815	7,260
5. Adjustment on grain transactions(1) ..	- 252	94	50	21	- 87	- 101	- 201	40	36	- 226
6. Capital assistance	13	15	12	25	65	20	9	27	14	70
7. Inventory valuation adjustment	- 79	- 85	- 33	- 94	- 291	- 83	- 54	- 39	- 129	- 305
8. Government surplus or deficit (-)	204	- 32	- 111	96	157	354	135	- 141	452	800
9. Residual error of estimate	- 140	69	81	139	149	- 166	- 17	88	54	- 41
10. Totals	2,650	2,963	4,118	2,287	12,018	2,621	3,137	4,618	2,747	13,123

(1) This item is an adjustment to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board. See also footnote 1, Table 3.

TABLE 8. Disposition of National Saving, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Business gross fixed capital formation ..	2,929	3,490	3,073	3,117	12,609	2,792	3,319	3,209	3,433	12,753
2. New residential construction	405	597	663	672	2,337	525	716	754	836	2,831
3. New non-residential construction	1,043	1,199	1,207	1,267	4,716	920	1,152	1,269	1,342	4,683
4. New machinery and equipment	1,481	1,694	1,203	1,178	5,556	1,347	1,451	1,186	1,255	5,239
5. Value of physical change in inventories	- 67	- 129	966	- 545	225	- 74	- 141	1,254	- 379	660
6. Surplus or deficit (-) on current account with non-residents	- 352	- 329	161	- 147	- 667	- 264	- 58	243	- 253	- 332
7. Residual error of estimate	140	- 69	- 82	- 138	- 149	167	17	- 88	- 54	42
8. Totals	2,650	2,963	4,118	2,287	12,018	2,621	3,137	4,618	2,747	13,123

TABLE 9. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1965 and 1966
(millions of dollars)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
1. GROSS NATIONAL PRODUCT AT MARKET PRICES	11,466	12,718	14,361	13,658	52,203	12,904	14,287	15,943	14,970	58,104
2. Deduct: Residual error of estimate	108	38	- 46	- 36	64	102	- 45	- 116	-173	- 232
Indirect taxes less sub-										
sidies	- 1,713	- 1,780	-1,869	- 1,876	- 7,238	- 1,932	- 1,974	-2,053	- 1,991	- 7,950
Income received from non-										
residents	- 70	- 76	- 73	- 103	- 322	- 70	- 79	- 55	- 114	- 318
5. Add: Income paid to non-residents	260	244	225	357	1,086	246	250	230	414	1,140
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	10,051	11,144	12,598	12,000	45,793	11,250	12,439	13,949	13,106	50,744

TABLE 10. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1965 and 1966(1)
(millions of dollars)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	6,566	7,111	6,892	7,892	28,461	7,025	7,355	7,283	8,239	29,902
2. Non-durable goods	3,145	3,316	3,438	4,021	13,920	3,313	3,493	3,622	4,234	14,662
3. Durable goods	827	1,115	893	1,170	4,005	972	1,065	958	1,180	4,175
4. Services	2,594	2,680	2,561	2,701	10,536	2,740	2,797	2,703	2,825	11,065
5. Government expenditure on goods and services	1,615	1,918	2,128	1,863	7,524	1,757	2,042	2,397	2,113	8,309
6. Business gross fixed capital formation	1,727	2,121	2,297	2,385	8,530	2,067	2,575	2,396	2,595	9,633
7. New residential construction	370	395	423	455	1,643	384	415	386	398	1,583
8. New non-residential construction ..	576	725	971	924	3,196	663	943	992	1,057	3,655
9. New machinery and equipment	781	1,001	903	1,006	3,691	1,020	1,217	1,018	1,140	4,395
10. Change in inventories	253	- 36	976	- 255	938	106	66	1,052	- 333	891
11. Non-farm business inventories	481	109	115	169	874	380	272	- 4	78	726
12. Farm inventories and grain in commercial channels	- 228	- 145	861	- 424	64	- 274	- 206	1,056	- 411	165
13. Exports of goods and services	2,081	2,509	2,783	2,725	10,098	2,421	2,855	3,108	2,998	11,382
(of which merchandise)	(1,710)	(2,032)	(2,076)	(2,253)	(8,071)	(2,025)	(2,346)	(2,379)	(2,494)	(9,244)
14. Deduct: Imports of goods and services (of which merchandise) (2)	- 2,364	- 2,779	-2,692	- 3,003	- 10,838	- 2,703	- 3,151	- 3,096	- 3,345	- 12,295
	(1,666)	(2,016)	(1,891)	(2,192)	(7,765)	(1,971)	(2,350)	(2,197)	(2,443)	(8,961)
15. Residual error of estimate	92	33	- 40	- 30	55	85	- 37	- 94	- 140	- 186
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	9,970	10,877	12,344	11,577	44,768	10,758	11,705	13,046	12,127	47,636

(1) The implicit price deflators of the seasonally unadjusted components of Gross National Expenditure, derived by dividing the value figures in Table 2 by the constant dollar figures in Table 10, are not suitable as indicators of quarter-to-quarter price change. This is because they are currently weighted and therefore are affected by compositional shifts which occur within the unadjusted components of Gross National Expenditure, on a quarter-to-quarter basis. Quarter-to-quarter comparisons based on seasonally adjusted data are less subject to the problem of shifting weights and may be used as a measure of price change.

(2) The statistical basis for deflating merchandise imports is subject to a significant margin of error.

TABLE 9. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. GROSS NATIONAL PRODUCT AT MARKET PRICES	14,064	15,489	16,684 16,683	15,873	62,110 62,109	15,036	16,443	18,288	17,601	67,368
2. Deduct: Residual error of estimate	140	- 69	- 81	- 139	- 150 - 149	166	17	- 88	- 54	41
3. Indirect taxes less subsidies	- 2,168	- 2,163	- 2,164	- 2,210	- 8,705	- 2,327	- 2,295	- 2,400	- 2,499	- 9,521
4. Income received from non-residents	- 70	- 53	- 61	- 110	- 294	- 68	- 80	- 79	- 112	- 339
5. Add: Income paid to non-residents	249	272	270	399	1,190	292	315	298	405	1,310
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	12,215	13,476	14,647	13,813	54,151	13,099	14,400	16,019	15,341	58,859

TABLE 10. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1967 and 1968(1)
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	7,343	7,831	7,579	8,573	31,326	7,705	8,074	7,954	9,007	32,740
2. Non-durable goods	3,554	3,768	3,907	4,479	15,708	3,735	3,842	3,930	4,629	16,136
3. Durable goods	918	1,206	966	1,169	4,259	1,003	1,224	1,081	1,318	4,626
4. Services	2,871	2,857	2,706	2,925	11,359	2,967	3,008	2,943	3,060	11,978
5. Government expenditure on goods and services	1,848	2,242	2,431	2,175	8,696	1,870	2,175	2,500	2,247	8,792
6. Business gross fixed capital formation	2,209	2,654	2,330	2,340	9,533	2,099	2,451	2,335	2,476	9,361
7. New residential construction	287	412	454	452	1,605	348	463	483	529	1,823
8. New non-residential construction ..	757	860	870	902	3,389	642	793	876	915	3,226
9. New machinery and equipment	1,165	1,382	1,006	986	4,539	1,109	1,195	976	1,032	4,312
10. Change in inventories	- 27	- 187	819	- 431	174	- 44	- 142	977	- 246	545
11. Non-farm business inventories	229	8	38	- 113	162	219	83	96	57	455
12. Farm inventories and grain in commercial channels	- 256	- 195	781	- 318	12	- 263	- 225	881	- 303	90
13. Exports of goods and services	2,739	3,284	3,299	3,241	12,563	3,036	3,639	3,699	3,732	14,106
(of which merchandise)	(2,321)	(2,678)	(2,418)	(2,722)	(10,139)	(2,644)	(3,106)	(2,942)	(3,250)	(11,942)
14. Deduct: Imports of goods and services (of which merchandise) (2)	- 2,998	- 3,544	- 3,179	- 3,333	- 13,054	- 3,192	- 3,622	- 3,454	- 3,859	- 14,127
	(2,212)	(2,658)	(2,320)	(2,446)	(9,636)	(2,408)	(2,749)	(2,510)	(2,979)	(10,646)
15. Residual error of estimate	111	- 55	- 65	- 108	- 117	129	13	- 67	- 41	34
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	11,225	12,225	13,214	12,457	49,121	11,603	12,588	13,944	13,316	51,451

(1) The implicit price deflators of the seasonally unadjusted components of Gross National Expenditure, derived by dividing the value figures in Table 2 by the constant dollar figures in Table 10, are not suitable as indicators of quarter-to-quarter price change. This is because they are currently weighted and therefore are affected by compositional shifts which occur within the unadjusted components of Gross National Expenditure, on a quarter-to-quarter basis. Quarter-to-quarter comparisons based on seasonally adjusted data are less subject to the problem of shifting weights and may be used as a measure of price change.

(2) The statistical basis for deflating merchandise imports is subject to a significant margin of error.

TABLES ADJUSTED FOR SEASONAL VARIATION AND AT ANNUAL RATES

TABLE 11. National Income and Gross National Product, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	25,112	25,736	26,500	27,368	26,179	28,548	29,308	29,964	30,824	29,661
2. Military pay and allowances	596	592	600	560	587	684	568	588	644	621
3. Corporation profits before taxes	5,040	5,112	5,344	5,300	5,199	5,380	5,236	4,824	5,140	5,145
4. Deduct: Dividends paid to non-residents(1)	- 800	- 756	- 788	- 776	- 780	- 728	- 768	- 748	- 972	- 804
5. Rent, interest and miscellaneous investment income	3,384	3,484	3,528	3,752	3,537	3,708	3,844	3,832	3,992	3,844
6. Accrued net income of farm operators from farm production(2)	1,564	1,496	1,780	1,740	1,645	2,184	2,244	2,252	2,136	2,204
7. Net income of non-farm unincorporated business(3)	2,736	2,872	2,980	2,920	2,877	2,936	2,852	3,000	3,008	2,949
8. Inventory valuation adjustment	- 188	- 308	- 340	- 464	- 325	- 488	- 232	- 340	- 224	- 321
9. NET NATIONAL INCOME AT FACTOR COST	37,444	38,228	39,604	40,400	38,919	42,224	43,052	43,372	44,548	43,299
10. Indirect taxes less subsidies	6,968	7,144	7,440	7,400	7,238	7,860	7,912	8,180	7,848	7,950
11. Capital consumption allowances and miscellaneous valuation adjustments ..	5,944	6,092	6,128	6,276	6,110	6,404	6,624	6,696	6,768	6,623
12. Residual error of estimate	- 104	- 40	- 176	64	- 64	52	264	180	432	232
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	50,252	51,424	52,996	54,140	52,203	56,540	57,852	58,428	59,596	58,104
14. (Gross national product at market prices excluding accrued net income of farm operators)	(48,688)	(49,928)	(51,216)	(52,400)	(50,558)	(54,356)	(55,608)	(56,176)	(57,460)	(55,900)

(1) See footnote 1, Table 1.

(2) Includes an arbitrary smoothing of crop production and standard seasonal adjustments for withdrawals of grain from farm stocks and the change in livestock items. Because of the arbitrary elements, too precise an interpretation should not be given the seasonally adjusted figures of accrued net income of farm operators.

(3) Includes net income of independent professional practitioners.

TABLE 12. Gross National Expenditure, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	30,764	31,664	32,524	33,292	32,061	33,956	34,116	35,332	35,988	34,848
2. Government expenditure on goods and services(1, 2)	9,244	9,520	9,668	10,024	9,614	10,656	10,964	11,632	11,892	11,286
3. Business Gross fixed capital formation(3)	9,848	10,172	11,000	11,584	10,651	11,968	12,572	12,308	13,124	12,493
4. New residential construction	2,052	2,136	2,144	2,164	2,124	2,280	2,264	2,084	2,056	2,171
5. New non-residential construction	3,816	3,728	4,148	4,404	4,024	4,480	5,016	4,672	5,232	4,850
6. New machinery and equipment	3,980	4,308	4,708	5,016	4,503	5,208	5,292	5,552	5,836	5,472
7. Value of physical change in inventories	1,288	1,168	728	608	948	988	1,668	588	516	940
8. Non-farm business inventories	1,108	980	836	696	905	792	1,392	564	360	777
9. Farm inventories and grain in commercial channels(4)	180	188	- 108	- 88	43	196	276	24	156	163
10. Exports of goods and services	10,712	10,940	11,460	11,948	11,265	12,552	12,736	13,456	13,768	13,128
11. Deduct: Imports of goods and services ..	- 11,704	- 12,076	- 12,564	- 13,256	- 12,400	- 13,524	- 13,944	- 14,712	- 15,260	- 14,360
12. Residual error of estimate	100	36	180	- 60	64	- 56	- 260	- 176	- 432	- 231
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	50,252	51,424	52,996	54,140	52,203	56,540	57,852	58,428	59,596	58,104
<u>Detail of Farm Inventories and GICC</u>										
Value of grain crop production	1,300	1,300	1,300	1,304	1,301	1,564	1,564	1,564	1,564	1,564
Depletions of farm stocks of grain	- 1,188	- 1,168	- 1,116	- 1,340	- 1,203	- 1,224	- 1,372	- 1,612	- 1,404	- 1,403
Change in livestock inventories	- 4	- 40	- 28	- 96	- 42	- 100	36	48	- 32	- 12
Grain in Commercial Channels	72	96	- 264	44	- 13	- 44	48	24	28	14

(1) See footnote 1, Table 2.

(2) For details of defence expenditures, see line 3, Table 16.

(3) See footnote 3, Table 2.

(4) In the seasonally adjusted series, the value of grain production in each quarter is taken as one-fourth of the estimated value of crop production for the year as a whole (see footnote 2, Table 11). All other items in the farm inventories series are seasonally adjusted by standard techniques.

TABLE 11. National Income and Gross National Product, by Quarters, 1967 and 1968 Seasonally Adjusted at Annual Rates (millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	31,512	32,140	32,772	33,132	32,389	33,784	34,844	35,532	36,740	35,225
2. Military pay and allowances	740	680	692	704	704	688	648	732	716	696
3. Corporation profits before taxes	4,796	4,900	5,148	5,236	5,020	5,324	5,656	5,960	6,568	5,877
4. Deduct: Dividends paid to non-residents(1)	- 684	- 804	- 856	- 848	- 798	- 804	- 940	- 904	- 716	- 841
5. Rent, interest and miscellaneous investment income	4,012	4,360	4,444	4,540	4,339	4,580	4,732	4,776	4,944	4,758
6. Accrued net income of farm operators from farm production(2)	1,996	1,856	1,488	1,452	1,698	1,820	1,592	1,828	1,944	1,796
7. Net income of non-farm unincorporated business(3)	2,948	3,176	3,336	3,316	3,194	3,272	3,400	3,480	3,536	3,422
8. Inventory valuation adjustment	- 292	- 268	- 228	- 376	- 291	- 284	- 176	- 284	- 476	- 305
9. NET NATIONAL INCOME AT FACTOR COST	45,028	46,040	46,796	47,156	46,255	48,380	49,756	51,120	53,256	50,628
10. Indirect taxes less subsidies	8,792	8,688	8,624	8,716	8,705	9,368	9,296	9,512	9,908	9,521
11. Capital consumption allowances and miscellaneous valuation adjustments ..	7,000	7,176	6,980	6,844	7,000	7,252	7,260	7,272	7,256	7,260
12. Residual error of estimate	112	244	28	212	149	168	16	- 80	- 268	- 41
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	60,932	62,148	62,428	62,928	62,109	65,168	66,328	67,824	70,152	67,368
14. (Gross national product at market prices excluding accrued net income of farm operators)	(58,936)	(60,292)	(60,940)	(61,476)	(60,411)	(63,348)	(64,736)	(65,996)	(68,208)	(65,572)

(1) See footnote 1, Table 1.

(2) Includes an arbitrary smoothing of crop production and standard seasonal adjustments for withdrawals of grain from farm stocks and the change in livestock items. Because of the arbitrary elements, too precise an interpretation should not be given the seasonally adjusted figures of accrued net income of farm operators.

(3) Includes net income of independent professional practitioners.

TABLE 12. Gross National Expenditure, by Quarters, 1967 and 1968 Seasonally Adjusted at Annual Rates (millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	36,444	37,388	38,192	38,832	37,714	39,872	40,164	41,380	42,248	40,916
2. Government expenditure on goods and services(1, 2)	11,860	12,672	12,288	12,688	12,377	12,840	13,112	13,408	13,956	13,329
3. Business gross fixed capital formation(3)	13,236	13,068	12,168	11,964	12,609	12,632	12,516	12,736	13,128	12,753
4. New residential construction	1,928	2,368	2,504	2,548	2,337	2,548	2,852	2,836	3,088	2,831
5. New non-residential construction	5,244	4,756	4,348	4,516	4,716	4,620	4,612	4,664	4,836	4,683
6. New machinery and equipment	6,064	5,944	5,316	4,900	5,556	5,464	5,052	5,236	5,204	5,239
7. Value of physical change in inventories	152	148	680	- 80	225	468	384	716	1,072	660
8. Non-farm business inventories	176	208	684	- 312	189	288	396	680	552	479
9. Farm inventories and grain in commercial channels(4)	- 24	- 60	- 4	232	36	180	- 12	36	520	181
10. Exports of goods and services	14,520	14,964	14,512	14,996	14,748	16,156	16,736	16,636	17,412	16,735
11. Deduct: Imports of goods and services ..	- 15,168	- 15,848	- 15,380	- 15,264	- 15,415	- 16,628	- 16,572	- 17,132	- 17,936	- 17,067
12. Residual error of estimate	- 112	- 244	- 32	- 208	- 149	- 172	- 12	80	272	42
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	60,932	62,148	62,428	62,928	62,109	65,168	66,328	67,824	70,152	67,368
Detail of Farm Inventories and GICC.										
Value of grain crop production	1,212	1,212	1,212	1,216	1,213	1,480	1,484	1,484	1,484	1,483
Depletions of farm stocks of grain	- 1,280	- 1,476	- 1,460	- 1,156	- 1,343	- 1,452	- 1,184	- 992	- 1,284	- 1,228
Change in livestock inventories	8	72	- 60	4	6	- 32	- 160	- 144	20	- 79
Grain in Commercial Channels	36	132	304	168	160	184	- 152	- 312	300	5

(1) See footnote 1, Table 2.

(2) For details of defence expenditures, see line 3, Table 16.

(3) See footnote 3, Table 2.

(4) In the seasonally adjusted series, the value of grain production in each quarter is taken as one-fourth of the estimated value of crop production for the year as a whole (see footnote 2, Table 11). All other items in the farm inventories series are seasonally adjusted by standard techniques.

TABLE 13. Source of Personal Income, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	25,112	25,736	26,500	27,368	26,179	28,548	29,308	29,964	30,824	29,661
2. Deduct: Employer and employee contributions to social insurance and government pension funds ..	- 980	- 1,020	- 1,048	- 1,060	- 1,027	- 1,548	- 1,872	- 1,964	- 1,988	- 1,843
3. Military pay and allowances	596	592	600	560	587	684	568	588	644	621
4. Net income received by farm operators from farm production(1)	2,080	1,244	1,720	1,712	1,689	2,044	2,080	2,056	2,012	2,048
5. Net income of non-farm unincorporated business	2,736	2,872	2,980	2,920	2,877	2,936	2,852	3,000	3,008	2,949
6. Interest, dividends and net rental income of persons(2) ...	4,036	4,048	4,196	4,276	4,139	4,420	4,484	4,568	4,672	4,536
<u>Transfer payments to persons</u>										
7. From government (excluding interest)	4,480	4,496	4,664	4,656	4,574	4,760	4,928	5,156	5,344	5,047
8. Charitable contributions by corporations	44	44	44	44	44	44	44	44	44	44
9. PERSONAL INCOME	38,104	38,012	39,656	40,476	39,062	41,888	42,392	43,412	44,560	43,063

(1) This item differs from line 6, Table 11, by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.
(2) Includes all government debt interest paid to persons.

TABLE 14. Disposition of Personal Income, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal direct taxes	3,676	3,932	3,932	4,112	3,913	4,256	4,208	4,604	4,868	4,484
2. Income taxes	3,176	3,380	3,368	3,496	3,355	3,724	3,628	3,984	4,276	3,903
3. Succession duties and estate taxes	168	200	220	260	212	184	224	264	224	224
4. Miscellaneous	332	352	344	356	346	348	356	356	368	357
5. Personal expenditure on consumer goods and services	30,764	31,664	32,524	33,292	32,061	33,956	34,116	35,332	35,988	34,848
6. Non-durable goods	14,812	15,268	15,588	16,084	15,438	16,332	16,740	17,124	17,524	16,930
7. Durable goods	3,708	3,892	4,224	4,180	4,001	4,272	3,828	4,308	4,268	4,169
8. Services(1)	12,244	12,504	12,712	13,028	12,622	13,352	13,548	13,900	14,196	13,749
9. Personal net saving	3,664	2,416	3,200	3,072	3,088	3,676	4,068	3,476	3,704	3,731
10. PERSONAL INCOME	38,104	38,012	39,656	40,476	39,062	41,888	42,392	43,412	44,560	43,063
11. (Personal disposable income)(2)	(34,428)	(34,080)	(35,724)	(36,364)	(35,149)	(37,632)	(38,184)	(38,808)	(39,692)	(38,579)

(1) Includes net expenditure abroad.
(2) Personal Income less Total Personal Direct Taxes.

TABLE 13. Source of Personal Income, by Quarters, 1967 and 1968 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	31,512	32,140	32,772	33,132	32,389	33,784	34,844	35,532	36,740	35,225
2. Deduct: Employer and employee contributions to social insurance and government pension funds ..	- 1,972	- 2,028	- 2,132	- 1,992	- 2,031	- 2,204	- 2,208	- 2,272	- 2,508	- 2,298
3. Military pay and allowances	740	680	692	704	704	688	648	732	716	696
4. Net income received by farm operators from farm production(1)	2,136	1,732	1,620	1,652	1,785	2,048	1,808	2,060	2,172	2,022
5. Net income of non-farm unincorporated business	2,948	3,176	3,336	3,316	3,194	3,272	3,400	3,480	3,536	3,422
6. Interest, dividends and net rental income of persons(2) ...	4,748	4,848	4,924	5,056	4,894	5,140	5,312	5,384	5,424	5,315
<u>Transfer payments to persons</u>										
7. From government (excluding interest)	5,884	6,236	6,200	6,572	6,223	6,636	7,172	7,404	7,564	7,194
8. Charitable contributions by corporations	44	44	44	44	44	48	48	48	48	48
9. PERSONAL INCOME	46,040	46,828	47,456	48,484	47,202	49,412	51,024	52,368	53,692	51,624

(1) This item differs from line 6, Table 11, by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.

(2) Includes all government debt interest paid to persons.

TABLE 14. Disposition of Personal Income, by Quarters, 1967 and 1968 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal direct taxes	5,532	4,980	5,540	5,920	5,493	6,412	6,236	6,716	7,276	6,660
2. Income taxes	4,948	4,396	4,964	5,308	4,904	5,744	5,540	5,932	6,472	5,922
3. Succession duties and estate taxes	216	204	212	228	215	236	224	248	232	235
4. Miscellaneous	368	380	364	384	374	432	472	536	572	503
5. Personal expenditure on consumer goods and services	36,444	37,388	38,192	38,832	37,714	39,872	40,164	41,380	42,248	40,916
6. Non-durable goods	17,768	18,388	18,844	18,952	18,488	19,452	19,456	19,668	20,204	19,695
7. Durable goods	4,136	4,408	4,544	4,372	4,365	4,608	4,624	4,996	4,992	4,805
8. Services(1)	14,540	14,592	14,804	15,508	14,861	15,812	16,084	16,716	17,052	16,416
9. Personal net saving	4,064	4,460	3,724	3,732	3,995	3,128	4,624	4,272	4,168	4,048
10. PERSONAL INCOME	46,040	46,828	47,456	48,484	47,202	49,412	51,024	52,368	53,692	51,624
11. (Personal disposable income)(2)	(40,508)	(41,848)	(41,916)	(42,564)	(41,709)	(43,000)	(44,788)	(45,652)	(46,416)	(44,964)

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 15. Government Revenue, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Direct taxes - Persons	3,676	3,932	3,932	4,112	3,913	4,256	4,208	4,604	4,868	4,484
2. Federal	2,680	2,784	2,668	2,732	2,716	2,808	2,732	3,060	3,220	2,955
3. Provincial and municipal	996	1,148	1,264	1,380	1,197	1,448	1,476	1,544	1,648	1,529
4. Direct taxes - Corporations	2,168	2,196	2,248	2,288	2,225	2,204	2,312	2,236	2,256	2,252
5. Federal (1)	1,640	1,652	1,692	1,716	1,675	1,668	1,740	1,684	1,692	1,696
6. (Federal tax collections) (1)	(1,604)	(1,836)	(1,660)	(1,760)	(1,715)	(1,764)	(1,672)	(1,736)	(1,736)	(1,727)
7. Provincial	528	544	556	572	550	536	572	552	564	556
8. (Provincial tax collections)	(564)	(580)	(536)	(536)	(554)	(560)	(604)	(556)	(568)	(572)
<u>Withholding taxes</u>										
9. Federal (2)	164	164	168	176	168	180	196	204	232	203
10. Indirect taxes	7,220	7,412	7,720	7,904	7,564	8,276	8,368	8,564	8,656	8,466
11. Federal	3,024	3,152	3,360	3,472	3,252	3,512	3,536	3,608	3,644	3,575
12. Provincial and municipal (3)	4,196	4,260	4,360	4,432	4,312	4,764	4,832	4,956	5,012	4,891
13. Investment income	1,588	1,644	1,624	1,828	1,671	1,736	1,836	1,792	1,888	1,813
14. Federal	604	616	568	732	630	612	720	636	792	690
15. Provincial and municipal	984	1,028	1,056	1,096	1,041	1,124	1,116	1,148	1,084	1,118
16. Canada Pension Plan								8	12	5
17. Employer and employee contributions to social insurance and government pension funds	980	1,020	1,048	1,060	1,027	1,548	1,872	1,964	1,988	1,843
18. Federal	596	620	620	636	618	640	700	716	704	690
19. Provincial and municipal	384	400	428	424	409	416	428	456	456	439
20. Canada Pension Plan (4)						372	552	584	616	531
21. Quebec Pension Plan (4)						120	192	208	212	183
<u>Transfers from Federal</u>										
22. Provincial and municipal	1,516	1,420	1,308	1,492	1,434	1,544	1,640	1,644	1,820	1,662
23. TOTAL REVENUE	17,312	17,788	18,048	18,860	18,002	19,744	20,432	21,008	21,708	20,723
24. FEDERAL	8,708	8,988	9,076	9,464	9,059	9,420	9,624	9,908	10,284	9,809
25. PROVINCIAL AND MUNICIPAL	8,604	8,800	8,972	9,396	8,943	9,832	10,064	10,300	10,584	10,195
26. CANADA PENSION PLAN						372	552	592	628	536
27. QUEBEC PENSION PLAN						120	192	208	212	183

(1) "See footnote 1, Table 5,"

(2) "See footnote 2, Table 5,"

(3) The quarterly figures of real property taxes unadjusted and seasonally adjusted are obtained by dividing annual totals by four since real property taxes accrue uniformly throughout the taxation year. Because in recent years, changes in real property tax rates have been generally upward this treatment gives rise to fictitious seasonal between the fourth and first quarters in the seasonally adjusted indirect taxes series.

(4) Estimates of a normal quarterly pattern have been used to seasonally adjust the contributions to the Canada and Quebec Pension Plans. No precise interpretation can be placed on the quarterly movements of these series until a later date.

TABLE 15. Government Revenue, by Quarters, 1967 and 1968 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Direct taxes - Persons	5,532	4,980	5,540	5,920	5,493	6,412	6,236	6,716	7,276	6,660
2. Federal	3,632	3,276	3,588	3,792	3,572	4,260	3,952	4,272	4,648	4,283
3. Provincial and municipal	1,900	1,704	1,952	2,128	1,921	2,152	2,284	2,444	2,628	2,377
4. Direct taxes - Corporations	2,120	2,228	2,224	2,260	2,208	2,396	2,480	2,608	2,888	2,593
5. Federal(1)	1,568	1,648	1,644	1,660	1,630	1,788	1,852	1,944	2,144	1,932
6. (Federal tax collections)(1)	(1,776)	(1,808)	(1,800)	(1,836)	(1,805)	(1,788)	(1,508)	(2,340)	(1,868)	(1,876)
7. Provincial	552	580	580	600	578	608	628	664	744	661
8. (Provincial tax collections)	(584)	(600)	(616)	(648)	(612)	(720)	(632)	(700)	(680)	(683)
<u>Withholding taxes</u>										
9. Federal(2)	192	240	220	220	218	220	208	232	176	209
10. Indirect taxes	9,208	9,224	9,164	9,312	9,227	9,812	9,768	10,044	10,460	10,021
11. Federal	3,820	3,712	3,644	3,652	3,707	3,716	3,576	3,772	3,992	3,764
12. Provincial and municipal(3)	5,388	5,512	5,520	5,660	5,520	6,096	6,192	6,272	6,468	6,257
13. Investment income	1,856	2,144	2,268	2,328	2,149	2,216	2,372	2,380	2,528	2,374
14. Federal	612	808	872	908	800	784	844	952	932	878
15. Provincial and municipal	1,216	1,308	1,356	1,368	1,312	1,376	1,448	1,356	1,484	1,416
16. Canada Pension Plan	28	28	40	52	37	56	80	72	112	80
17. Employer and Employee contributions to social insurance and government pension funds	1,972	2,028	2,132	1,992	2,031	2,204	2,208	2,272	2,508	2,298
18. Federal	680	716	780	640	704	776	756	788	988	827
19. Provincial and municipal	456	468	496	492	478	528	532	564	560	546
20. Canada Pension Plan(4)	620	620	628	628	624	664	680	696	704	686
21. Quebec Pension Plan(4)	216	224	228	232	225	236	240	224	256	239
<u>Transfers from Federal</u>										
22. Provincial and municipal	1,752	2,112	2,064	2,040	1,992	2,324	2,564	2,376	2,544	2,452
23. TOTAL REVENUE	22,632	22,956	23,612	24,072	23,318	25,584	25,836	26,628	28,380	26,607
24. FEDERAL	10,504	10,400	10,748	10,872	10,631	11,544	11,188	11,960	12,880	11,893
25. PROVINCIAL AND MUNICIPAL	11,264	11,684	11,968	12,288	11,801	13,084	13,648	13,676	14,428	13,709
26. CANADA PENSION PLAN	648	648	668	680	661	720	760	768	816	766
27. QUEBEC PENSION PLAN	216	224	228	232	225	236	240	224	256	239

(1) "See footnote 1, Table 5."

(2) "See footnote 2, Table 5."

(3) The quarterly figures of real property taxes unadjusted and seasonally adjusted are obtained by dividing annual totals by four since real property taxes accrue uniformly throughout the taxation year. Because in recent years, changes in real property tax rates have been generally upward this treatment gives rise to fictitious seasonal between the fourth and first quarters in the seasonally adjusted indirect taxes series.

(4) Estimates of a normal quarterly pattern have been used to seasonally adjust the contributions to the Canada and Quebec Pension Plans. No precise interpretation can be placed on the quarterly movements of these series until a later date.

TABLE 16. Government Expenditure, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Goods and services	9,244	9,520	9,668	10,024	9,614	10,656	10,964	11,632	11,892	11,286
2. Federal	3,236	3,180	3,368	3,388	3,293	3,700	3,752	3,992	4,236	3,920
3. (Defence)	(1,616)	(1,532)	(1,588)	(1,500)	(1,559)	(1,688)	(1,608)	(1,692)	(1,848)	(1,709)
4. Provincial and municipal	6,008	6,340	6,300	6,636	6,321	6,956	7,212	7,640	7,656	7,366
5. Transfer payments to persons (excluding interest on the public debt)	4,480	4,496	4,664	4,656	4,574	4,760	4,928	5,156	5,344	5,047
6. Federal	2,320	2,336	2,332	2,260	2,312	2,420	2,428	2,516	2,548	2,478
7. Provincial and municipal	2,160	2,160	2,332	2,396	2,262	2,340	2,500	2,640	2,796	2,569
8. Canada Pension Plan										
9. Quebec Pension Plan										
10. Interest on the public debt	1,596	1,636	1,644	1,704	1,645	1,756	1,780	1,820	1,864	1,805
11. Federal	1,020	1,044	1,048	1,096	1,052	1,124	1,128	1,168	1,184	1,151
12. Provincial and municipal	576	592	596	608	593	632	652	652	680	654
13. Subsidies	252	268	280	504	326	416	456	384	808	516
14. Federal	196	208	204	428	259	252	320	248	680	375
15. Provincial	56	60	76	76	67	164	136	136	128	141
<u>Capital Assistance(1)</u>										
16. Federal	80	84	84	88	84	32	88	56	60	59
<u>Transfers to other levels of government</u>										
17. Federal	1,516	1,420	1,308	1,492	1,434	1,544	1,640	1,644	1,820	1,662
18. Total expenditure	17,168	17,424	17,648	18,468	17,677	19,164	19,856	20,692	21,788	20,375
19. Federal	8,368	8,272	8,344	8,752	8,434	9,072	9,356	9,624	10,528	9,645
20. Provincial and municipal	8,800	9,152	9,304	9,716	9,243	10,092	10,500	11,068	11,260	10,730
21. Canada Pension Plan										
22. Quebec Pension Plan										
23. Deficit (-) or surplus	144	364	400	392	325	580	576	316	- 80	348
24. Federal	340	716	732	712	625	348	268	284	- 244	164
25. Provincial and municipal	- 196	- 352	- 332	- 320	- 300	- 260	- 436	- 768	- 676	- 535
26. Canada Pension Plan						372	552	592	628	536
27. Quebec Pension Plan						120	192	208	212	183
28. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	17,312	17,788	18,048	18,860	18,002	19,744	20,432	21,008	21,708	20,723
29. FEDERAL	8,708	8,988	9,076	9,464	9,059	9,420	9,624	9,908	10,284	9,809
30. PROVINCIAL AND MUNICIPAL	8,604	8,800	8,972	9,396	8,943	9,832	10,064	10,300	10,584	10,195
31. CANADA PENSION PLAN						372	552	592	628	536
32. QUEBEC PENSION PLAN						120	192	208	212	183

(1) See footnote 1, Table 6.

TABLE 16. Government Expenditure, by Quarters, 1967 and 1968 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Goods and services	11,860	12,672	12,288	12,688	12,377	12,840	13,112	13,408	13,956	13,329
2. Federal	4,096	4,472	4,196	4,272	4,259	4,384	4,348	4,376	4,792	4,475
3. (Defence)	(1,644)	(1,844)	(1,952)	(1,780)	(1,805)	(1,700)	(1,816)	(1,800)	(1,932)	(1,812)
4. Provincial and municipal	7,764	8,200	8,092	8,416	8,118	8,456	8,764	9,032	9,164	8,854
5. Transfer payments to persons (excluding interest on the public debt)	5,884	6,236	6,200	6,572	6,223	6,636	7,172	7,404	7,564	7,194
6. Federal	2,772	3,032	2,972	2,968	2,936	3,064	3,400	3,292	3,352	3,277
7. Provincial and municipal	3,112	3,204	3,228	3,604	3,287	3,568	3,760	4,096	4,184	3,902
8. Canada Pension Plan						4	8	12	20	11
9. Quebec Pension Plan						-	4	4	8	4
10. Interest on the public debt	1,844	1,928	2,020	2,136	1,982	2,092	2,260	2,364	2,332	2,262
11. Federal	1,140	1,208	1,280	1,352	1,245	1,256	1,424	1,500	1,456	1,409
12. Provincial and municipal	704	720	740	784	737	836	836	864	876	853
13. Subsidies	416	536	540	596	522	444	472	532	552	500
14. Federal	292	436	396	436	390	328	352	388	432	375
15. Provincial.....	124	100	144	160	132	116	120	144	120	125
<u>Capital Assistance(1)</u>										
16. Federal	52	60	48	100	65	80	36	108	56	70
<u>Transfers to other levels of government</u>										
17. Federal	1,752	2,112	2,064	2,040	1,992	2,324	2,564	2,376	2,544	2,452
18. Total expenditure	21,808	23,544	23,160	24,132	23,161	24,416	25,616	26,192	27,004	25,807
19. Federal	10,104	11,320	10,956	11,168	10,887	11,436	12,124	12,040	12,632	12,058
20. Provincial and municipal	11,704	12,224	12,204	12,964	12,274	12,976	13,480	14,136	14,344	13,734
21. Canada Pension Plan						4	8	12	20	11
22. Quebec Pension Plan						-	4	4	8	4
23. Deficit (-) or surplus	824	- 588	452	- 60	157	1,168	220	436	1,376	800
24. Federal	400	- 920	- 208	- 296	- 256	108	- 936	- 80	248	- 165
25. Provincial and municipal	- 440	- 540	- 236	- 676	- 473	108	168	- 460	84	- 25
26. Canada Pension Plan	648	648	668	680	661	716	752	756	796	755
27. Quebec Pension Plan	216	224	228	232	225	236	236	220	248	235
28. TOTAL EXPENSITURE MINUS DEFICIT OR PLUS SURPLUS	22,632	22,956	23,612	24,072	23,318	25,584	25,836	26,628	28,380	26,607
29. FEDERAL	10,504	10,400	10,748	10,872	10,631	11,544	11,188	11,960	12,880	11,893
30. PROVINCIAL AND MUNICIPAL	11,264	11,684	11,968	12,288	11,801	13,084	13,648	13,676	14,428	13,709
31. CANADA PENSION PLAN	648	648	668	680	661	720	760	768	816	766
32. QUEBEC PENSION PLAN	216	224	228	232	225	236	240	224	256	239

(1) See footnote 1, Table 6.

TABLE 17. Source of National Saving, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal net saving	3,664	2,416	3,200	3,072	3,088	3,676	4,068	3,476	3,704	3,731
2. Business gross saving	6,728	7,808	7,720	7,760	7,504	8,108	8,096	7,832	7,884	7,980
3. Undistributed corporation profits	1,220	1,380	1,448	1,368	1,354	1,532	1,220	884	932	1,142
4. Capital consumption allowances and miscellaneous valuation adjustments	5,944	6,092	6,128	6,276	6,110	6,404	6,624	6,696	6,768	6,623
5. Adjustment on grain trans- actions(1)	- 516	252	60	28	- 44	140	164	196	124	156
6. Capital assistance	80	84	84	88	84	32	88	56	60	59
7. Inventory valuation adjustment	- 188	- 308	- 340	- 464	- 325	- 488	- 232	- 340	- 224	- 321
8. Government surplus or deficit (-)	144	364	400	392	325	580	576	316	- 80	348
9. Residual error of estimate	- 104	- 40	- 176	64	- 64	52	264	180	432	232
10. Totals	10,244	10,240	10,804	10,824	10,528	11,928	12,772	11,464	11,716	11,970

(1) This item is an adjustment to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board. See also footnote 1, Table 3.

TABLE 18. Disposition of National Saving, by Quarters, 1965 and 1966 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Business gross fixed capital formation	9,848	10,172	11,000	11,584	10,651	11,968	12,572	12,308	13,124	12,493
2. New residential construction	2,052	2,136	2,144	2,164	2,124	2,280	2,264	2,084	2,056	2,171
3. New non-residential construction	3,816	3,728	4,148	4,404	4,024	4,480	5,016	4,672	5,232	4,850
4. New machinery and equipment	3,980	4,308	4,708	5,016	4,503	5,208	5,292	5,552	5,836	5,472
5. Value of physical change in inventories	1,288	1,168	728	608	948	988	1,668	588	516	940
6. Surplus or deficit (-) on current account with non-residents	- 992	- 1,136	- 1,104	- 1,308	- 1,135	- 972	- 1,208	- 1,256	- 1,492	- 1,232
7. Residual error of estimate	100	36	180	- 60	64	- 56	- 260	- 176	- 432	- 231
8. Totals	10,244	10,240	10,804	10,824	10,528	11,928	12,772	11,464	11,716	11,970

TABLE 17. Source of National Saving, by Quarters, 1967 and 1968 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal net saving	4,064	4,460	3,724	3,732	3,995	3,128	4,624	4,272	4,168	4,048
2. Business gross saving	7,920	8,240	7,972	7,900	8,008	8,276	8,368	8,692	9,148	8,621
3. Undistributed corporation profits	1,008	880	1,076	1,156	1,030	1,172	1,288	1,544	2,064	1,517
4. Capital consumption allowances and miscellaneous valuation adjustments	7,000	7,176	6,980	6,844	7,000	7,252	7,260	7,272	7,256	7,260
5. Adjustment on grain trans- actions(1)	- 140	124	- 132	- 200	- 87	- 228	- 216	- 232	- 228	- 226
6. Capital assistance	52	60	48	100	65	80	36	108	56	70
7. Inventory valuation adjustment	- 292	- 268	- 228	- 376	- 291	- 284	- 176	- 284	- 476	- 305
8. Government surplus or deficit (-)	824	- 588	452	- 60	157	1,168	220	436	1,376	800
9. Residual error of estimate	112	244	28	212	149	168	16	- 80	- 268	- 41
10. Totals	12,628	12,088	11,948	11,408	12,018	12,456	13,052	13,036	13,948	13,123

(1) This item is an adjustment to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board. See also footnote 1, Table 3.

TABLE 18. Disposition of National Saving, by Quarters, 1967 and 1968 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Business gross fixed capital formation	13,236	13,068	12,168	11,964	12,609	12,632	12,516	12,736	13,128	12,753
2. New residential construction	1,928	2,368	2,504	2,548	2,337	2,548	2,852	2,836	3,088	2,831
3. New non-residential construction	5,244	4,756	4,348	4,516	4,716	4,620	4,612	4,664	4,836	4,683
4. New machinery and equipment	6,064	5,944	5,316	4,900	5,556	5,464	5,052	5,236	5,204	5,239
5. Value of physical change in inventories	152	148	680	- 80	225	468	384	716	1,072	660
6. Surplus or deficit (-) on current account with non-residents	- 648	- 884	- 868	- 268	- 667	- 472	164	- 496	- 524	- 332
7. Residual error of estimate	- 112	- 244	- 32	- 208	- 149	- 172	- 12	80	272	42
8. Totals	12,628	12,088	11,948	11,408	12,018	12,456	13,052	13,036	13,948	13,123

TABLE 19. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1965 and 1966
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
1. GROSS NATIONAL PRODUCT AT MARKET PRICES ..	50,252	51,424	52,996	54,140	52,203	56,540	57,852	58,428	59,596	58,104
2. Deduct: Residual error of estimate	104	40	176	- 64	64	- 52	- 264	- 180	- 432	- 232
3. Indirect taxes less subsidies ..	- 6,968	- 7,144	- 7,440	- 7,400	- 7,238	7,860	- 7,912	- 8,180	- 7,848	- 7,950
4. Income received from non-residents	- 328	- 312	- 368	- 280	- 322	- 320	- 356	- 280	- 316	- 318
5. Add: Income paid to non-residents ...	1,092	1,068	1,088	1,096	1,086	1,056	1,104	1,100	1,300	1,140
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	44,152	45,076	46,452	47,492	45,793	49,364	50,424	50,888	52,300	50,744

TABLE 20. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1965 and 1966(1)
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	27,584	28,164	28,808	29,288	28,461	29,508	29,296	30,256	30,548	29,902
2. Non-durable goods	13,540	13,792	14,008	14,340	13,920	14,296	14,516	14,784	15,052	14,662
3. Durable goods	3,704	3,892	4,232	4,192	4,005	4,312	3,824	4,328	4,240	4,176
4. Services	10,340	10,480	10,568	10,756	10,536	10,900	10,956	11,144	11,256	11,064
5. Government expenditure on goods and services	7,368	7,468	7,588	7,672	7,524	7,944	8,164	8,504	8,624	8,309
6. Business gross fixed capital formation ..	7,952	8,156	8,824	9,188	8,530	9,392	9,732	9,436	9,972	9,633
7. New residential construction	1,616	1,656	1,656	1,644	1,643	1,704	1,668	1,504	1,456	1,583
8. New non-residential construction	3,092	2,972	3,284	3,436	3,196	3,448	3,808	3,500	3,864	3,655
9. New machinery and equipment	3,244	3,528	3,884	4,108	3,691	4,240	4,256	4,432	4,652	4,395
10. Change in inventories	1,252	1,156	720	624	938	1,000	1,568	532	464	891
11. Non-farm business inventories	1,080	944	804	668	874	784	1,284	500	336	726
12. Farm inventories and grain in commercial channels	172	212	- 84	- 44	64	216	284	32	128	165
13. Exports of goods and services	9,700	9,872	10,216	10,604	10,098	11,044	11,124	11,532	11,828	11,382
(of which merchandise)	(7,708)	(7,856)	(8,116)	(8,604)	(8,071)	(8,912)	(8,968)	(9,400)	(9,696)	(9,244)
14. Deduct: Imports of goods and services ...	-10,248	-10,668	-10,944	-11,492	-10,838	-11,684	-11,988	-12,560	-12,948	-12,295
(of which merchandise) (2)	(7,248)	(7,596)	(7,852)	(8,364)	(7,765)	(8,512)	(8,768)	(9,136)	(9,428)	(8,961)
15. Residual error of estimate	88	32	152	- 52	55	- 48	- 208	- 144	- 344	- 186
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	43,696	44,180	45,364	45,832	44,768	47,156	47,688	47,556	48,144	47,636

(1) See footnote 1, Table 10.

(2) See footnote 2, Table 10.

TABLE 19. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1967 and 1968
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. GROSS NATIONAL PRODUCT AT MARKET PRICES ..	60,932	62,148	62,428	62,928	62,109	65,168	66,328	67,824	70,152	67,368
2. Deduct: Residual error of estimate	- 112	- 244	- 28	- 212	- 149	- 168	- 16	80	268	41
3. Indirect taxes less subsidies ..	- 8,792	- 8,688	- 8,624	- 8,716	- 8,705	- 9,368	- 9,296	- 9,512	- 9,908	- 9,521
4. Income received from non-residents	- 320	- 236	- 312	- 308	- 294	- 300	- 360	- 380	- 316	- 339
5. Add: Income paid to non-residents ...	1,064	1,188	1,276	1,232	1,190	1,252	1,368	1,384	1,236	1,310
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	52,772	54,168	54,740	54,924	54,151	56,584	58,024	59,396	61,432	58,859

TABLE 20. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1967 and 1968
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	30,784	31,232	31,496	31,792	31,326	32,296	32,268	33,032	33,364	32,740
2. Non-durable goods	15,284	15,708	15,896	15,944	15,708	16,100	15,980	16,080	16,384	16,136
3. Durable goods	4,100	4,316	4,416	4,204	4,259	4,436	4,444	4,824	4,800	4,626
4. Services	11,400	11,208	11,184	11,644	11,359	11,760	11,844	12,128	12,180	11,978
5. Government expenditure on goods and services	8,356	9,012	8,572	8,844	8,696	8,588	8,780	8,740	9,060	8,792
6. Business gross fixed capital formation ..	9,980	9,920	9,244	8,988	9,533	9,448	9,204	9,300	9,492	9,361
7. New residential construction	1,360	1,640	1,712	1,708	1,605	1,680	1,848	1,812	1,952	1,823
8. New non-residential construction	3,824	3,420	3,108	3,204	3,389	3,240	3,184	3,200	3,280	3,226
9. New machinery and equipment	4,796	4,860	4,424	4,076	4,539	4,528	4,172	4,288	4,260	4,312
10. Change in inventories	116	100	556	- 76	174	324	328	620	908	545
11. Non-farm business inventories	160	180	572	- 264	162	252	400	592	576	455
12. Farm inventories and grain in commercial channels	- 44	- 80	- 16	188	12	72	- 72	28	332	90
13. Exports of goods and services	12,420	12,760	12,328	12,744	12,563	13,648	14,096	14,020	14,660	14,106
(of which merchandise)	(10,164)	(10,248)	(9,604)	(10,540)	(10,139)	(11,532)	(11,840)	(11,812)	(12,584)	(11,942)
14. Deduct: Imports of goods and services ...	-12,892	-13,432	-13,044	-12,848	-13,054	-13,848	-13,740	-14,180	-14,740	-14,127
(of which merchandise) (2)	(9,524)	(9,900)	(9,696)	(9,424)	(9,636)	(10,452)	(10,224)	(10,564)	(11,344)	(10,646)
15. Residual error of estimate	- 88	- 192	- 24	- 164	- 117	- 128	- 8	60	212	34
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	48,676	49,400	49,128	49,280	49,121	50,328	50,928	51,592	52,956	51,451

(1) See footnote 1, Table 10.

(2) See footnote 2, Table 10.

TABLE 21. Implicit Price Indexes - Seasonally Adjusted
Gross National Expenditure, 1965 and 1966 (1)
(1957 = 100)

	1965					1966				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	111.5	112.4	112.9	113.7	112.7	115.1	116.5	116.8	117.8	116.5
2. Non-durable goods	109.4	110.7	111.3	112.2	110.9	114.2	115.3	115.8	116.4	115.5
3. Durable goods	100.1	100.0	99.8	99.7	99.9	99.1	100.1	99.5	100.7	99.8
4. Services	118.4	119.3	120.3	121.1	119.8	122.5	123.7	124.7	126.1	124.3
5. Government expenditure on goods and services	125.5	127.5	127.4	130.7	127.8	134.1	134.3	136.8	137.9	135.8
6. Business gross fixed capital formation ..	123.8	124.7	124.7	126.1	124.9	127.4	129.2	130.4	131.6	129.7
7. New residential construction	127.0	129.0	129.5	131.6	129.3	133.8	135.7	138.6	141.2	137.1
8. New non-residential construction	123.4	125.4	126.3	128.2	125.9	129.9	131.7	133.5	135.4	132.7
9. New machinery and equipment	122.7	122.1	121.2	122.1	122.0	122.8	124.3	125.3	125.5	124.5
10. Exports of goods and services	110.4	110.8	112.2	112.7	111.6	113.7	114.5	116.7	116.4	115.3
(merchandise)	107.2	107.7	108.9	109.4	108.4	110.1	110.8	113.2	112.5	111.7
11. Imports of goods and services	114.2	113.2	114.8	115.3	114.4	115.7	116.3	117.1	117.9	116.8
(merchandise) (2)	111.4	109.5	111.4	112.0	111.1	111.8	112.4	112.8	113.8	112.7
12. GROSS NATIONAL EXPENDITURE	115.0	116.4	116.8	118.1	116.6	119.9	121.3	122.9	123.8	122.0

- (1) These implicit indexes are currently weighted price indexes. They reflect not only pure price changes, but also changing expenditure patterns within and between major groups. Quarter to quarter comparisons based on the seasonally adjusted data are less subject to the problem of shifting weights than are similar comparisons based on data unadjusted for seasonality, and therefore may be used as indicators of price change.
- (2) See footnote 2, Table 10.

TABLE 21. Implicit Price Indexes - Seasonally Adjusted
Gross National Expenditure, 1967 and 1968(1)
(1957 = 100)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	118.4	119.7	121.3	122.1	120.4	123.5	124.5	125.3	126.6	125.0
2. Non-durable goods	116.3	117.1	118.5	118.9	117.7	120.8	121.8	122.3	123.3	122.1
3. Durable goods	100.9	102.1	102.9	104.0	102.5	103.9	104.1	103.6	104.0	103.9
4. Services	127.5	130.2	132.4	133.2	130.8	134.5	135.8	137.8	140.0	137.1
5. Government expenditure on goods and services	141.9	140.6	143.4	143.5	142.3	149.5	149.3	153.4	154.0	151.6
6. Business gross fixed capital formation ..	132.6	131.7	131.6	133.1	132.3	133.7	136.0	136.9	138.3	136.2
7. New residential construction	141.8	144.4	146.3	149.2	145.6	151.7	154.3	156.5	158.2	155.3
8. New non-residential construction	137.1	139.1	139.9	140.9	139.2	142.6	144.8	145.8	147.4	145.2
9. New machinery and equipment	126.4	122.3	120.2	120.2	122.4	120.7	121.1	122.1	122.2	121.5
10. Exports of goods and services	116.9	117.3	117.7	117.7	117.4	118.4	118.7	118.7	118.8	118.6
(merchandise)	112.6	112.3	111.5	112.8	112.3	114.0	114.0	113.7	113.7	113.9
11. Imports of goods and services	117.7	118.0	117.9	118.8	118.1	120.1	120.6	120.8	121.7	120.8
(merchandise) (2)	113.0	113.0	113.1	113.7	113.2	115.3	115.6	115.2	116.1	115.6
12. GROSS NATIONAL EXPENDITURE	125.2	125.8	127.1	127.7	126.4	129.5	130.2	131.5	132.5	130.9

(1) These implicit indexes are currently weighted price indexes. They reflect not only pure price changes, but also changing expenditure patterns within and between major groups. Quarter to quarter comparisons based on the seasonally adjusted data are less subject to the problem of shifting weights than are similar comparisons based on data unadjusted for seasonality, and therefore may be used as indicators of price change.

(2) See footnote 2, Table 10.

ANNUAL TABLES

TABLE 22. Business Gross Fixed Capital Formation, by Industry, 1965-1968(1)
(millions of dollars)

	1965	1966	1967	1968
1. Agriculture	926	1,043	1,115	1,019
2. Fishing and trapping				
3. Forestry				
4. Mining, quarrying, and oil wells	735	1,030	1,051	1,040
5. Manufacturing	2,340	2,914	2,534	2,218
6. Construction	263	249	244	254
7. Transportation	820	970	1,057	979
8. Storage				
9. Communication(2)				
10. Electric power, gas and water utilities	1,131	1,360	1,455	1,621
11. Trade	395	468	542	524
12. Finance, insurance and real estate(3)	2,551	2,643	2,835	3,302
13. Services(4)	936	1,157	1,078	1,066
14. Totals	10,651	12,493	12,609	12,753

- (1) This table is derived from "Private and Public Investment in Canada", DBS 61-205. Additional detail has been provided by the DBS Business Finance Division, and adjustments have been made to bring the data into line with national accounting concepts. See reconciliation statement, Table 23. For an industrial distribution of total private and public investment, see Table 1 in the cited publication.
- (2) Excludes investment expenditures by the Canadian Broadcasting Corporation.
- (3) Includes all new residential construction, (including government enterprises, but excluding general government). See Table 2.
- (4) Excludes government departmental expenditures, federal hospital, provincial hospital and school, and municipal school expenditures, which are included with "Government Expenditure on Goods and Services". Investment expenditure of government business enterprises (railway, power commissions, etc), are included under appropriate industry headings.

TABLE 23. Business Gross Fixed Capital Formation, 1965-1968
Reconciliation Statement
(millions of dollars)

	1965	1966	1967	1968
1. Total private and public investment in Canada(1) ...	12,865	15,090	15,322	15,678
2. Deduct - New residential construction by governments(2)	- 9	- 10	- 15	- 13
3. New non-residential construction by governments	- 1,958	- 2,252	- 2,380	- 2,609
4. New machinery and equipment outlays by governments	- 247	- 335	- 318	- 303
5. Business gross fixed capital formation	10,651	12,493	12,609	12,753

(1) As presented in the publications "Private and Public Investment in Canada", DBS 61-205

(2) General government non-rental housing. Government enterprise housing included under line 5.

TABLE 24. Exports and Imports of Goods and Services, 1965-1968(1)
Reconciliation Statement
(millions of dollars)

	1965	1966	1967	1968
<u>Exports of goods and services</u>				
1. Merchandise exports	8,745	10,326	11,387	13,597
2. Gold production available for export	138	127	112	112
3. Interest and dividends received from non-residents	322	318	294	339
4. Other receipts for services	2,276	2,625	3,292	3,058
5. Sub-total - "Current receipts" as per Canadian Balance of International Payments	11,481	13,396	15,085	17,106
6. Inheritances and immigrants' funds	- 216	- 268	- 337	- 371
7. Total "exports of goods and services" as per National Accounts(2)	11,265	13,128	14,748	16,735
<u>Imports of goods and services</u>				
8. Merchandise imports	8,627	10,102	10,906	12,302
9. Interest and dividends paid to non-residents	1,086	1,140	1,190	1,310
10. Other payments for services	2,898	3,316	3,532	3,675
11. Sub-total - "Current payments" as per Canadian Balance of International Payments	12,611	14,558	15,628	17,287
12. Inheritances and emigrants' funds	- 211	- 198	- 213	- 220
13. Total "imports of goods and services" as per National Accounts(2)	12,400	14,360	15,415	17,067

(1) Data sources are the reports "Quarterly Estimates of the Canadian Balance of International Payments", DBS 67-001.

(2) See Table 2.

CATALOGUE No

13-001

QUARTERLY

National Accounts
Income and Expenditure
Fourth Quarter
and Preliminary Annual

1968

✓ ERRATA

	I	II	III	IV	Year
millions of dollars					
<u>Page 31, Table 9</u>					
<u>Line 1, 1967</u>					
Reads	14,064	15,489	16,684	15,873	62,110
Should read	14,064	15,489	16,683	15,873	62,109
<u>Line 2, 1967</u>					
Reads	140	- 69	- 82	- 139	- 150
Should read	140	- 69	- 81	- 139	- 149
<u>Page 45, Table 19</u>					
<u>Line 1, 1967</u>					
Reads	60,956	62,156	62,412	62,916	62,110
Should read	60,932	62,148	62,428	62,928	62,109
<u>Line 2, 1967</u>					
Reads	- 136	- 252	- 12	- 200	- 150
Should read	- 112	- 244	- 28	- 212	- 149

CATALOGUE No.

13-001

QUARTERLY



SYSTEM OF NATIONAL ACCOUNTS

NATIONAL ACCOUNTS
INCOME AND EXPENDITURE

FIRST QUARTER 1969



DOMINION BUREAU OF STATISTICS

DOMINION BUREAU OF STATISTICS

National Accounts, Production and
Productivity Division

National Accounts Section

SYSTEM OF NATIONAL ACCOUNTS

NATIONAL ACCOUNTS
INCOME AND EXPENDITURE

FIRST QUARTER 1969

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June 1969
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In order to obtain a complete historical record of the quarterly National Accounts, the following publications should be consulted:

<u>Catalogue number</u>	<u>Title</u>	<u>Price</u>
13-519	"National Accounts, Income and Expenditure, by Quarters, 1947-61", for the years 1947-58	1.50
13-001	"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1963", for the year 1959 .....	.50
13-001	"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1964", for the year 1960 .....	.50
13-001	"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1965", for the years 1961-63 .....	.50
13-001	"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1967", for the year 1964 .....	.50
13-001	"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1968", for the years 1965 - 1967 .....	.50

Contents of this publication are published in French in "Revue Statistique Du Canada" D.B.S. 11-003F.

Remittances should be in the form of cheque or money order made payable to the Receiver General of Canada and forwarded to the Publications Distribution, Dominion Bureau of Statistics, Ottawa, or to the Queen's Printer, Hull, P.Q.

THE SYSTEM OF NATIONAL ACCOUNTS

In Canada, the National Accounts have been developed since the close of the Second World War in a series of publications relating to their constituent parts. These have now reached a stage of evolution where they can be termed a "System of National Accounts". For purposes of identification, all publications (containing tables of statistics, descriptions of conceptual frameworks, and descriptions of sources and methods) which make up this System will now carry the term "System of National Accounts" as a general title.

The System of National Accounts in Canada consists of several parts. The annual and quarterly Income and Expenditure Accounts (included with Catalogue Nos. carrying the prefix 13) were, historically speaking, the first set of statistics to be referred to with the title "National Accounts" (National Accounts, Income and Expenditure). The Balance of International Payments data, (Catalogue Nos. with prefix 67), in their more summary form, are also part of the System of National Accounts and they, in fact, pre-date the Income and Expenditure Accounts.

Greatly expanded structural detail on industries and on goods and services is portrayed in the Input-Output Tables of the System (Catalogue Nos. with prefix 15). The Indexes of Real Domestic Product by Industry (included with Catalogue Nos. carrying the prefix 61) provide "constant dollar" measures of the contribution of each industry to gross domestic product at factor cost. Inputs and outputs are related in Productivity Studies (Catalogue Nos. with prefix 14).

Both the Input-Output Tables and Indexes of Real Domestic Product by Industry use the establishment as the primary unit of industrial production. Measures of financial transactions are provided by

the Financial Flow Accounts (Catalogue Nos. with prefix 13). Types of lenders and financial instruments are the primary detail in these statistics, and the legal entity is the main unit of classification of transactors. Also, provision is made in the System for incorporation of balance sheet (wealth) estimates when such data are sufficiently developed.

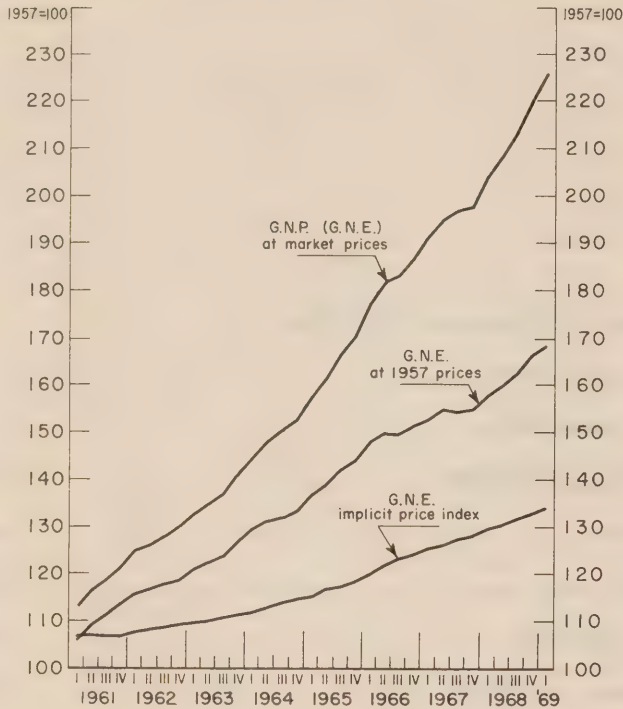
The System of National Accounts provides an overall conceptually integrated framework in which the various parts can be considered as interrelated sub-systems. At present, direct comparisons amongst those parts which use the establishment as the basic unit and those which use the legal entity can be carried out only at highly aggregated levels of data. However, the Dominion Bureau of Statistics is continuing research on enterprise-company-establishment relationships; it may eventually be feasible to reclassify the data which are on one basis (say the establishment basis) to correspond to the units employed on another (the company or the enterprise basis).

In its broad outline, the Canadian System of National Accounts bears a close relationship to the international standard as described in the United Nations publication, "A System of National Accounts" (Studies in Methods, Series F., No. 2, Rev. 3, Statistical Office, Department of Economic and Social Affairs, United Nations, New York, 1968). In the future, a document on the conceptual framework of the Canadian System of National Accounts will be prepared for publication by the Dominion Bureau of Statistics. This document will furnish the broad theoretical outline of the System. The finer conceptual details, the statistical tables, and the descriptions of sources and methods as they pertain to the individual parts of the System, will appear in the various regular and occasional publications relating to those parts.

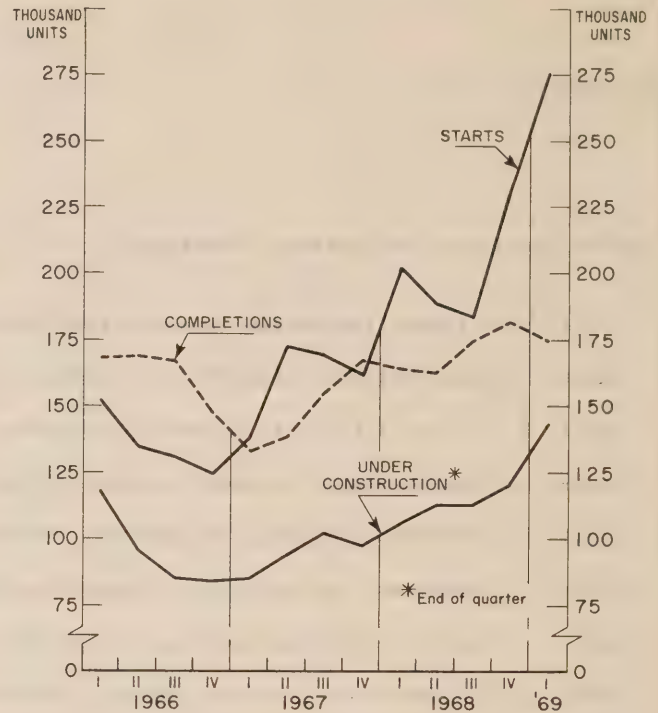
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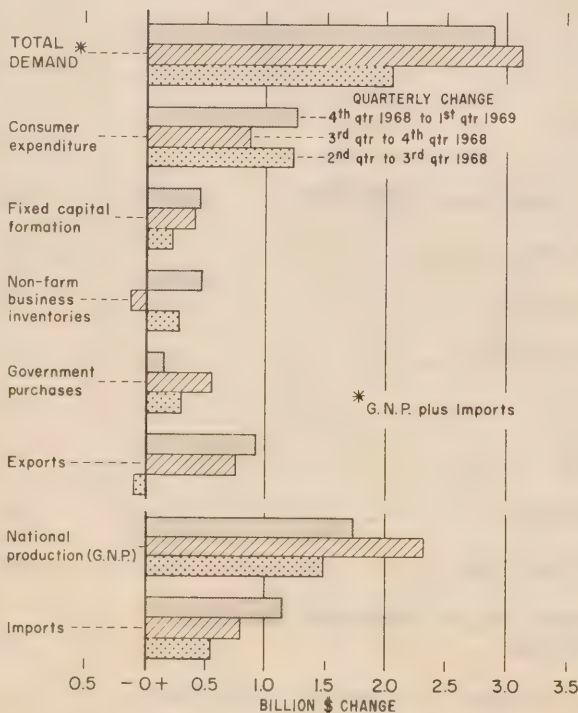
G.N.P. in the first quarter rose 2.5 per cent in current prices and 1.4 per cent in real terms.



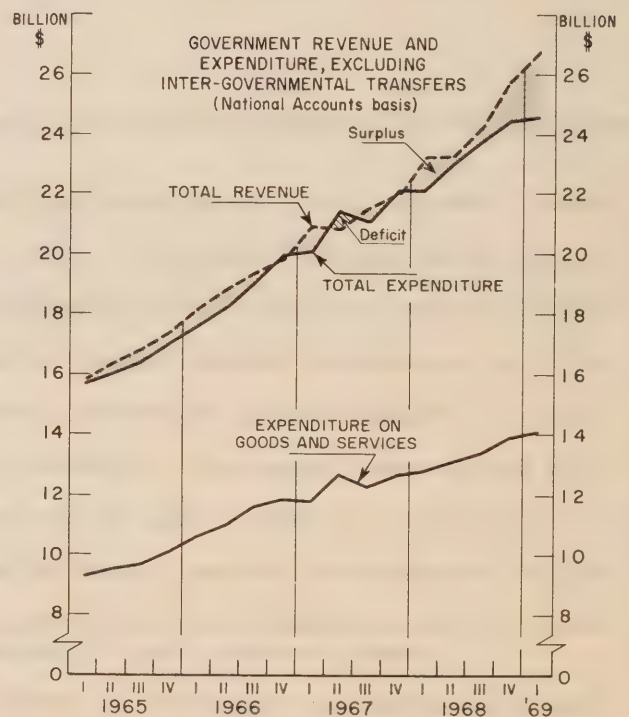
Housing investment rose 19 per cent in the first quarter reflecting higher starts in both the fourth and first quarters. The number of units under construction also rose sharply.



Total demand rose \$2.9 billion, or 3.3 per cent, and was broadly based. On the supply side, sharp increases occurred in both national production and imports.



Government expenditures were almost unchanged while revenues rose 3½ per cent, resulting in a sharp increase in the surplus.



ALL DATA SEASONALLY ADJUSTED, AT ANNUAL RATES.

INTRODUCTORY REVIEW - FIRST QUARTER 1969

The rapid pace of economic activity continued in the first quarter of 1969, as the Gross National Product increased by 2.5 per cent to reach a level of \$71.9 billion, seasonally adjusted at annual rates. After allowing for a price rise of 1 per cent, slightly higher than in the fourth quarter, the advance in constant dollars was about 1-1/2 per cent.^{1/} Excluding accrued net income of farm operators^{2/}, GNP rose 2.7 per cent in current dollars.

Intensified demand pressures by most sectors, partially met from substantially higher imports, characterized the quarter. Larger advances than in the fourth quarter occurred in personal expenditure, business gross fixed capital formation and exports, together with increased investment in business non-farm inventories. On the other hand, government purchases of goods and services rose only slightly, while accumulation of farm inventories^{2/} declined sharply -- in part the result of much higher wheat exports.

Personal expenditure rose a substantial 3 per cent, as all major series except automobiles and tobacco recorded gains; the advance in consumer outlays outpaced a 1 per cent increase in disposable income, resulting in a sharp decline in personal saving. Gross fixed capital formation increased by 3-1/2 per cent, largely the result of a 10 per cent expansion in new residential construction as housing starts rose steeply; outlays for plant and equipment advanced at the same moderate rate as in the fourth quarter, with a 5 per cent gain in the machinery and equipment component outweighing a drop of 3 per cent in non-residential construction. Accumulation in non-farm business inventories rose by \$468 million to \$1,020 million, with increases in all major industrial groups.

Government purchases of goods and services advanced by 1 per cent, the smallest increase in six quarters. The government sector as a whole exercised a restraining influence on the economy; excluding inter-governmental transfers, expenditures rose only fractionally while revenues advanced 3-1/2 per cent, resulting in a sharp increase of \$812 million in the combined surplus.

Reflecting the strength of demand by both Canadians and non-residents, exports and imports registered their largest increases since the first quarter of 1968. Merchandise exports advanced 5-1/2 per cent, led by large gains in wheat, wood pulp, newsprint, and a number of metals. Merchandise imports rose more rapidly, 7-1/2 per cent, with sizable advances in non-farm machinery in line with the larger domestic investment program. Increases of about 13 per cent in both receipts and payments of tourists were the prominent features of the non-merchandise account. The current account deficit on a National Accounts basis widened by \$224 million to \$748 million; the merchandise surplus declined to \$928 million, while the non-merchandise deficit was almost unchanged.

Among components of income, labour income advanced by 3 per cent; mixed movements in other components were on balance offsetting. Within labour income, both the goods-producing and service-producing sectors had the same rate of increase; employment rose by 1-1/2 per cent and the unemployment rate declined to 4.2 per cent from 4.9 in the fourth quarter. Net corporation profits before taxes slipped fractionally from the high level of the previous quarter; gross profits, which include capital consumption allowances, registered a modest increase of 1-1/2 per cent.

Price Movements

Prices rose 1.0 per cent in the first quarter of 1969 compared with 0.8 per cent in the preceding quarter. Higher price increases were recorded in exports and government expenditure; the price components of both business gross fixed capital formation and imports continued to advance at the same rate as in the fourth quarter while personal expenditure showed lower price increases.

The softening in the rate of increase in consumer prices was most apparent in non-durable goods. Food prices, in particular, rose by 0.4 per cent this quarter compared with 1.7 per cent last quarter. Increases in cereal and dairy products and fish partially offset declines in bakery products, and poultry. Among non-food non-durable goods, the largest increase was shown by alcoholic beverages which rose by 0.6 per cent. Tobacco products showed a slight decline. In durable goods, the rise of 0.4 per cent was the result of higher prices for new cars, household appliances and radios, and furniture.

^{1/} Real Domestic Product at factor cost by industry of origin, an alternative but conceptually somewhat different measure of economic production, shows a 2.0 per cent advance in real terms for the first quarter. Among the differences between the two series are market price valuation versus factor cost, the use of national versus domestic boundaries, and the use of different weight-base periods.

^{2/} Estimates of crop production are based on acreage intentions and ten-year average yields. On these assumptions, the value of the 1969 crop would be \$1.3 billion compared with \$1.5 billion in 1968. Seasonally adjusted quarterly figures are obtained by dividing the annual estimate by four.

Services continued to exert a dominating influence on the rise in consumer prices. The strongest rises were recorded in transportation, medical care, and recreation. The rent index, on the other hand, showed some deceleration, rising by 0.7 per cent compared with 1.1 per cent in the previous quarter.

In business gross fixed capital formation, the price component of new residential construction registered a very strong 3.6 per cent advance. The price index of residential building materials jumped by 4.7 per cent, largely attributable to a 6 per cent increase in lumber products; the labour component rose by 1.6 per cent. There was no change in the price index for non-residential construction, as the advance in the price index of the building component was offset by a decline in that of engineering construction, including railways.

Within merchandise exports, increases were recorded in the prices of meat and meat preparations, newsprint paper, lumber, shingles and crude animal products. Decreases were registered in the price indexes of alcoholic beverages, wheat and other cereal products, asbestos, fertilizers, non-agricultural machinery and equipment, and motor vehicles and parts.

Selected Base Weighted Price Indexes - Seasonally Adjusted
Percentage Change from Previous Quarter

	1966			1967				1968				1969
	II	III	IV	I	II	III	IV	I	II	III	IV	I
Personal expenditure ...	1.0	0.6	0.9	0.4	1.3	1.3	0.7	1.3	0.8	0.9	1.1	0.7
Non-durable goods	1.1	0.5	0.5	-0.1	0.8	1.2	0.4	1.8	0.7	0.6	1.1	0.5
Food	1.2	0.7	-0.2	-0.9	-0.6	2.0	0.8	1.4	-0.1	0.6	1.7	0.4
Non-food	1.1	0.4	1.1	0.6	1.8	0.6	-	2.2	1.3	0.7	0.5	0.5
Durable goods	0.8	-0.3	1.2	-0.1	1.4	1.0	1.1	-0.1	0.2	-0.1	0.3	0.4
Total goods	1.1	0.4	0.6	-	0.8	1.2	0.5	1.4	0.6	0.5	0.9	0.4
Services, excluding net expenditure abroad...	1.1	1.0	1.2	1.3	2.1	1.5	0.8	1.0	1.2	1.5	1.5	1.2
Business gross fixed capital formation	1.3	1.2	1.0	0.8	-0.5	-0.2	0.7	1.0	1.2	0.9	0.7	0.7
Residential construction	1.4	2.2	1.9	0.4	1.9	1.1	1.8	1.7	1.9	1.4	1.0	3.6
Non-residential construction	1.3	1.3	1.5	1.2	1.3	0.6	0.7	1.3	1.7	0.6	1.2	-
Machinery and equipment	1.3	0.7	0.2	0.6	-3.2	-1.7	-	0.4	0.4	0.8	0.1	-0.1
Exports	0.6	1.7	0.6	0.3	-	0.1	0.4	1.1	0.7	0.2	0.4	1.6
of which merchandise	0.5	1.7	0.4	-	-0.4	-0.3	0.4	1.2	0.3	-0.1	0.1	1.2
Gross National Expenditure (excluding inventories)	1.3	1.0	1.1	0.8	0.6	1.0	0.7	1.2	1.1	1.2	0.8	1.0
Gross National Expenditure (implicit prices)	1.2	1.3	0.7	1.1	0.5	1.0	0.5	1.4	0.5	1.0	0.8	1.0

The Components of Demand

Personal Expenditure on Consumer Goods and Services

Personal expenditure reached a level of \$43.5 billion, seasonally adjusted at annual rates, an increase of 3 per cent from the fourth quarter. All three major aggregates contributed to the rise, with non-durables and services advancing more rapidly than in the preceding quarter and durables recording a 2 per cent gain after a fractional decline previously.

Expenditures on non-durables advanced nearly 3-1/2 per cent, the largest gain in seven quarters. Outlays for alcoholic beverages increased by 5 per cent from the strike-affected fourth quarter; clothing expenditure also rose 5 per cent, paced by a 7-1/2 per cent advance in women's and children's apparel which had shown little change in the three preceding quarters. Increases of 2 to 3 per cent occurred in outlays for gasoline, oil and grease, energy sources for home use, and food. In contrast, the tobacco series declined by 5 per cent.

Among components of durable goods, increases of between 3 and 5-1/2 per cent occurred in purchases of furniture, home furnishings and appliances. Partly offsetting these gains was a 1-1/2 per cent decline in car outlays, resulting from a drop of 3 per cent in purchases of new cars of North American manufacture.

All components of services recorded increases, mostly in the range of 2 to 3-1/2 per cent. The purchased transportation component registered the largest advance -- 6-1/2 per cent.

Business Gross Fixed Capital Formation

Spending on fixed capital formation marked a third consecutive quarterly increase, rising by 3.4 per cent to a level of \$13.6 billion, seasonally adjusted at annual rates. The \$448 million increase had a mixed composition: residential construction and machinery and equipment rose by \$316 million and \$272 million respectively, while non-residential construction dropped by \$140 million.

New residential construction rose by 10 per cent as housing starts rose to an annual rate of 275,000 units from 231,000 in the fourth quarter. It is interesting to note that, as a result of sharp increases in the number of starts and a relatively stable level of completions, the number of housing units under construction has been climbing sharply since the end of the third quarter of 1968.

Investment in plant and equipment rose by 1.3 per cent -- the result of a 5 per cent increase in machinery and equipment spending and a 3 per cent fall in non-residential construction. The increase in machinery and equipment was associated with increased imports of non-farm producers' durables and larger outlays on passenger and commercial vehicles. The lower level of non-residential construction of \$4.7 billion was about the same as the average investment of the years 1967 and 1968.

Non-Farm Business Inventories

Investment in non-farm business inventories picked up strongly this quarter, with an accumulation of \$1,020 million, seasonally adjusted at annual rates, compared with \$552 million in the previous quarter. The strength in inventory investment was pervasive. Retail trade showed the largest accumulation, but manufacturing and wholesale trade also recorded sizable inventory investment.

Value of Physical Change in Non-Farm Business Inventories (Seasonally Adjusted, at Annual Rates)

	4Q 1968	1Q 1969
	(millions of dollars)	
Manufacturing	168	368
Durables	176	264
Non-durables	-8	104
Wholesale	108	196
Retail	324	456
"Other" industries	-48	-
Grand Total	552	1,020

In manufacturing, the strongest accumulation was in durables, where additions to the stocks of primary metal, metal fabricating, machinery, transportation and electrical products industries more than offset a sizable liquidation in the wood products industry. In non-durables, although most components showed additions to stocks, liquidations occurred in the rubber, clothing and knitting mills and paper products groups. By stages of fabrication, stocks accumulated at all levels. The stock-to-ships ratio for manufacturing as a whole was slightly lower than that of the previous quarter.

Over two thirds of the accumulation in both wholesale and retail trade occurred in non-durable lines, where increases were widespread. Stock-to-sales ratios increased this quarter, especially in wholesale trade.

Exports and Imports of Goods and Services

With exports of goods and services higher by \$924 million, and imports by \$1,148 million, the balance on current account for the quarter, on a National Accounts basis, widened from a deficit of \$524 million at annual rates to a deficit of \$748 million. The merchandise surplus dropped from \$1,144 to \$928 million, while the non-merchandise deficit was practically unchanged.

Merchandise exports rose 5-1/2 per cent from the fourth quarter level. Increases were recorded in wheat, iron ore, asbestos, lumber, wood pulp, newsprint, iron and steel products, copper, industrial and farm machinery, motor vehicle parts and communication equipment. Shipments of motor vehicles, however, dropped sharply.

Merchandise imports climbed 7-1/2 per cent. There were sizable increases in the imports of non-farm machinery, reflecting the pick-up in machinery and equipment spending, and in coal and fuel oil. Imports of most consumer items also increased.

The unchanged deficit on non-merchandise trade resulted from a smaller deficit in miscellaneous transactions (government expenditures, personal and institutional remittances, miscellaneous income and business services) offsetting larger deficits in interest and dividend and in freight and shipping transactions.

Transactions with Non-Residents Seasonally Adjusted at Annual Rates (National Accounts Basis)

	IV Q 1968			IQ 1969			Change in Balances
	Exports	Imports	Net	Exports	Imports	Net	
	(millions of dollars)						
Goods	14,312	13,168	1,144	15,064	14,136	928	-216
Services	3,100	4,768	-1,668	3,272	4,948	-1,676	-8
Gold available for export	112	-	112	108	-	108	-4
Tourist and travel	944	1,012	-68	1,072	1,140	-68	-
Interest and dividends	316	1,236	-920	376	1,320	-944	-24
Freight and shipping	924	956	-32	952	1,008	-56	-24
Other transactions	804	1,564	-760	764	1,480	-716	44
Total	17,412	17,936	-524	18,336	19,084	-748	-224

Government Sector

Seasonally adjusted at annual rates, total revenues of all governments combined (excluding inter-governmental transfers) increased by \$908 million, or 3.5 per cent in the first quarter to \$26,744 million. More than three quarters of the gain occurred in revenues from direct and indirect taxation; both contributed about equally to the rise.

Personal direct taxes rose 4 per cent, with the gain concentrated at the federal level. The gain was partly associated with the imposition of the Social Development Tax at the beginning of the year. Corporation direct taxes rose by 3 per cent with the bulk at the federal level.

Revenue from indirect taxes rose by \$348 million with the gain occurring at the provincial-municipal level. This rise reflected higher returns from gasoline and sales taxes at the provincial level and higher revenues from property taxes at the municipal level. At the federal level increases in revenue from customs import duties and excise duties were more than offset by a decline in revenues from excise taxes.

Total expenditure (excluding inter-governmental transfers) increased by \$96 million to \$24,556 million. Expenditure on goods and services by all governments rose by 1 per cent, with the increase occurring at the provincial-municipal level. Federal outlays on goods and services were virtually unchanged with a decline in defence spending offsetting higher non-defence outlays.

Transfer payments to persons declined slightly in the quarter; there were offsetting movements at the different levels of government. Federal payments rose as a result of a further lowering in the age limit of recipients of old age security pensions. Transfer payments at the provincial-municipal level declined from the irregularly high levels of the last half of 1968 when payments were made under the Ontario Residential Property Tax Reduction Act.

The decline in subsidies occurred at the federal level and reflected, in the main, smaller payments to the railways.

Federal transfer payments to other levels of government increased and were attributable to higher payments under the Federal-Provincial Fiscal Arrangements Act and higher post-secondary educational grants.

With total revenues of all governments combined (including the Canada and Quebec Pension Plans) rising more sharply than expenditures, the government surplus, seasonally adjusted at annual rates and on a National Accounts basis, increased from \$1,376 million in the fourth quarter of 1968 to \$2,188 million in the first quarter, the largest in recent years. At the federal level, revenues rose by about 3-1/2 per cent while expenditures increased by almost 2 per cent so that the federal surplus moved from a rate of \$248 million in the fourth quarter to a rate of \$452 million in the first quarter. Provincial-municipal revenues rose by 4-1/2 per cent and expenditures were virtually unchanged so that the provincial-municipal surplus increased from a rate of \$84 million to a rate of \$692 million. The surpluses of the Canada and the Quebec Pension Plans showed little change.

The Components of Income

Labour Income

Total labour income increased by 3 per cent, a somewhat higher gain than the trend experienced in the last two years. Wages and salaries in both the goods and the service-producing industries rose at about the same rate as the total.

The increase in the goods-producing industries was somewhat higher than in the previous quarter and about 1 per cent higher than the average quarterly advances in 1968. A 3 per cent rise in manufacturing was associated with increases of about 1 per cent in employment and 2 per cent in earnings. In construction, wages and salaries rose by over 4 per cent, mainly because of substantial employment increases in building construction. The primary industries showed only a slight advance.

In the service-producing industries, transportation, storage, communication and other utilities increased by about 1-1/2 per cent, trade by 4 per cent, and finance and service by 3-1/2 per cent. These increases resulted from both gains in employment and higher earnings. Wages and salaries in government increased by almost 3 per cent.

Corporation Profits

After increasing steadily since the first quarter of 1967 and gaining strong momentum in the latter part of 1968, net corporation profits declined fractionally in the first quarter. Capital cost allowances increased by 4-1/2 per cent; gross profits, which include these charges, rose by 1-1/2 per cent.

Profits in the manufacturing industry dropped by 4 per cent from the peak fourth quarter level and by 6 per cent in the transportation, storage and communication industry; in the finance industry there was also a modest shift downward from the high fourth quarter level. The trade groups registered relatively strong advances from their high fourth quarter levels. There was a 10 per cent improvement in wholesale trade profits, 5 per cent in retail trade, and a robust 35 per cent advance in the service industry.

Within the manufacturing group, a majority of the industries experienced lower profit levels. The groups with the largest declines were wood, metals, electrical products, and petroleum and coal, while lesser declines occurred in the textile, printing, and chemical groups. Offsetting these declines were gains in the food and beverage, paper, and non-metallic mineral industries.

Accrued Net Income of Farm Operators

Accrued net income of farm operators fell to \$1,804 million or 7.2 per cent below the fourth quarter rate. The decline was largely due to a fall in the estimated value of the 1969 crop, which is based on acreage intentions and ten-year yields. Partially offsetting this decline was an increase in the profits of the Canadian Wheat Board as exports rose well above the fourth quarter level.

Real Domestic Product^{1/}

Real Domestic Product registered a second consecutive 2 per cent advance in the first quarter. Both the goods-producing and service-producing industries rose at the same rate, with increases in all industry divisions except forestry and fishing and trapping.

Advances of over 4 per cent occurred in transportation, storage, and communication, and in construction; trade rose by over 2 per cent with most of the gain at the wholesale level. The community, business and personal services division increased by 1-1/2 per cent, with education and business services being the main contributors. Manufacturing rose by less than 1 per cent, entirely due to the non-durable component, especially pulp and paper mills; durables declined fractionally, as drops in motor vehicles and parts and in saw-mills offset increases elsewhere.

^{1/} For further information, see Index of Industrial Production, April 1969 (DBS 61-005).

TABLES UNADJUSTED FOR SEASONAL VARIATION

TABLE 1. National Income and Gross National Product, by Quarters, 1968 and 1969
(millions of dollars)

	1968					1969		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income ..	8,203	8,718	9,116	9,188	35,225	9,181		
2. Military pay and allowances	173	159	184	180	696	165		
3. Corporation profits before taxes	1,129	1,574	1,464	1,710	5,877	1,400		
4. Deduct: Dividends paid to non-residents(1)	- 190	- 188	- 193	- 270	- 841	- 183		
5. Rent, interest, and miscellaneous investment income	1,114	1,152	1,183	1,309	4,758	1,291		
6. Accrued net income of farm operators from farm production(2)	72	66	1,453	205	1,796	123		
7. Net income of non-farm unincorporated business(3)	690	837	855	1,040	3,422	747		
8. Inventory valuation adjustment(4)	- 83	- 54	- 39	- 129	- 305	- 168		
9. NET NATIONAL INCOME AT FACTOR COST	11,108	12,264	14,023	13,233	50,628	12,556		
10. Indirect taxes less subsidies	2,327	2,295	2,400	2,499	9,521	2,562		
11. Capital consumption allowances and miscellaneous valuation adjustments	1,767	1,901	1,777	1,815	7,260	1,852		
12. Residual error of estimate	- 166	- 17	88	54	- 41	- 277		
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	15,036	16,443	18,288	17,601	67,368	16,693		
14. (Gross national product at market prices excluding accrued net income of farm operators)	(14,964)	(16,377)	(16,835)	(17,396)	(65,572)	(16,570)		

(1) Includes the withholding tax applicable to this item.

(2) Includes change in farm inventories as shown in line 11, Table 4. An adjustment has been made to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board.

(3) Includes net income of independent professional practitioners.

(4) See footnote 4, Table 2.

TABLE 2. Gross National Expenditure, by Quarters, 1968 and 1969
(millions of dollars)

	1968					1969		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	9,484	10,052	10,014	11,366	40,916	10,402		
2. Government expenditure on goods and services(1, 2)	2,931	3,254	3,656	3,488	13,329	3,221		
3. Business gross fixed capital formation(3)	2,792	3,319	3,209	3,433	12,753	2,987		
4. New residential construction	525	716	754	836	2,831	706		
5. New non-residential construction	920	1,152	1,269	1,342	4,683	923		
6. New machinery and equipment	1,347	1,451	1,186	1,255	5,239	1,358		
7. Value of physical change in inventories(4)	- 74	- 141	1,254	- 379	660	137		
8. Non-farm business inventories	251	49	183	- 4	479	462		
9. Farm inventories and grain in commercial channels	- 325	- 190	1,071	- 375	181	- 325		
10. Exports of goods and services	3,582	4,313	4,439	4,401	16,735	4,091		
11. Deduct: Imports of goods and services	- 3,846	- 4,371	- 4,196	- 4,654	- 17,067	- 4,423		
12. Residual error of estimate	167	17	- 88	- 54	42	278		
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	15,036	16,443	18,288	17,601	67,368	16,693		

(1) Includes outlays on new durable assets such as building and highway construction by governments, other than government business enterprises. Also includes net purchases of government commodity agencies.

(2) For details of defence expenditures see line 3, Table 6;

(3) Includes capital expenditures by private and government business enterprises, private non-commercial institutions, and outlays on new residential construction by individuals and business investors.

(4) The book value of inventories is deflated to remove the effect of price changes and the derived "physical" change is then valued at average prices of the current period to obtain the value of physical change. The difference between this value of physical change and the change in book value is called the inventory valuation adjustment. (See line 8, Table 1).

TABLE 3. Source of Personal Income, by Quarters, 1968 and 1969
(millions of dollars)

	1968					1969		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income	8,203	8,718	9,116	9,188	35,225	9,181		
2. Deduct: Employer and employee contributions to social insurance and government pension funds	- 556	- 580	- 589	- 573	- 2,298	- 623		
3. Military pay and allowances	173	159	184	180	696	165		
4. Net income received by farm operators from farm production(1)	173	267	1,413	169	2,022	124		
5. Net income of non-farm unincorporated business	690	837	855	1,040	3,422	747		
6. Interest, dividends, and net rental income of persons(2)	1,273	1,334	1,325	1,383	5,315	1,389		
Transfer payments to persons:								
7. From government (excluding interest)	1,793	1,764	1,774	1,863	7,194	2,012		
8. Charitable contributions by corporations	12	12	12	12	48	12		
9. PERSONAL INCOME	11,761	12,511	14,090	13,262	51,624	13,007		

(1) This item differs from line 6, Table 1, by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.

(2) Includes all government debt interest paid to persons.

TABLE 4. Disposition of Personal Income, by Quarters, 1968 and 1969
(millions of dollars)

	1968					1969		
	I	II	III	IV	Year	I	II	III
1. Personal direct taxes	1,651	1,586	1,619	1,804	6,660	1,926		
2. Income taxes	1,441	1,416	1,452	1,613	5,922	1,669		
3. Succession duties and estate taxes	59	56	62	58	235	57		
4. Miscellaneous	151	114	105	133	503	200		
5. Personal expenditure on consumer goods and services ..	9,484	10,052	10,014	11,366	40,916	10,402		
6. Non-durable goods	4,461	4,688	4,853	5,693	19,695	4,830		
7. Durable goods	1,033	1,270	1,113	1,389	4,805	1,139		
8. Services(1)	3,990	4,094	4,048	4,284	16,416	4,433		
9. Personal net saving	626	873	2,457	92	4,048	679		
10. Personal saving excluding change in farm inventories ..	951	984	1,354	583	3,872	1,008		
11. Value of physical change in farm inventories	- 325	- 111	1,103	- 491	176	- 329		
12. PERSONAL INCOME	11,761	12,511	14,090	13,262	51,624	13,007		
13. (Personal disposable income)(2)	(10,110)	(10,925)	(12,471)	(11,458)	(44,964)	(11,081)		

(1) Includes net expenditure abroad.

(2) Personal Income less Total Personal Direct Taxes.

TABLE 5. Government Revenue, by Quarters, 1968 and 1969
(millions of dollars)

	1968					1969		
	I	II	III	IV	Year	I	II	III
1. Direct taxes - Persons	1,651	1,586	1,619	1,804	6,660	1,926		
2. Federal	1,037	1,059	1,040	1,147	4,283	1,209		
3. Provincial and municipal	614	527	579	657	2,377	717		
4. Direct taxes - Corporations	490	674	644	785	2,593	614		
5. Federal(1)	365	502	480	585	1,932	457		
6. (Federal tax collections)(1)	(409)	(484)	(557)	(426)	(1,876)	(628)		
7. Provincial	125	172	164	200	661	157		
8. (Provincial tax collections)	(180)	(166)	(187)	(150)	(683)	(211)		
Withholding taxes:								
9. Federal(2)	49	60	40	60	209	46		
10. Indirect taxes	2,419	2,388	2,566	2,648	10,021	2,660		
11. Federal	856	906	949	1,053	3,764	915		
12. Provincial and municipal	1,563	1,482	1,617	1,595	6,257	1,745		
13. Investment income	522	580	582	690	2,374	645		
14. Federal	162	221	242	253	878	229		
15. Provincial and municipal	346	339	322	409	1,416	394		
16. Canada Pension Plan	14	20	18	28	80	22		
17. Employer and employee contributions to social insurance and government pension funds	556	580	589	573	2,298	623		
18. Federal	196	182	200	249	827	237		
19. Provincial and municipal	132	133	141	140	546	137		
20. Canada Pension Plan	168	193	191	134	686	180		
21. Quebec Pension Plan	60	72	57	50	239	69		
Transfers from Federal:								
22. Provincial and municipal	591	653	571	637	2,452	696		
23. TOTAL REVENUE	6,278	6,521	6,611	7,197	26,607	7,210		
24. FEDERAL	2,665	2,930	2,951	3,347	11,893	3,093		
25. PROVINCIAL AND MUNICIPAL	3,371	3,306	3,394	3,638	13,709	3,846		
26. CANADA PENSION PLAN	182	213	209	162	766	202		
27. QUEBEC PENSION PLAN	60	72	57	50	239	69		

- (1) Excludes refundable tax on corporate cash profits introduced May 1966. In the first quarter of 1968, refunding of over-payments exceeded collections by \$5 million. In the second quarter the amount collected was \$9 million. Refunding of the tax began in the third quarter and amounted to \$52 million, in the fourth quarter the amount refunded was \$36 million. In the first quarter 1969 refunds were \$20 million.
- (2) Beginning in 1962, the withholding tax series has been adjusted to conform more closely with the flow of interest and dividends to non-residents.

TABLE 6. Government Expenditure, by Quarters, 1968 and 1969
(millions of dollars)

	1968					1969		
	I	II	III	IV	Year	I	II	III
1. Goods and services	2,931	3,254	3,656	3,488	13,329	3,221		
2. Federal	1,104	1,045	1,162	1,164	4,475	1,195		
3. (Defence)	(481)	(419)	(433)	(479)	(1,812)	(505)		
4. Provincial and municipal	1,827	2,209	2,494	2,324	8,854	2,026		
5. Transfer payments to persons (excluding interest on the public debt)	1,793	1,764	1,774	1,863	7,194	2,012		
6. Federal	856	878	757	786	3,277	966		
7. Provincial and municipal	936	883	1,013	1,070	3,902	1,038		
8. Canada Pension Plan	1	2	3	5	11	6		
9. Quebec Pension Plan	-	1	1	2	4	2		
10. Interest on the public debt	497	613	558	594	2,262	560		
11. Federal	308	370	378	353	1,409	341		
12. Provincial and municipal	189	243	180	241	853	219		
13. Subsidies	92	93	166	149	500	98		
14. Federal	69	77	106	123	375	76		
15. Provincial	23	16	60	26	125	22		
Capital Assistance(1)								
16. Federal	20	9	27	14	70	14		
Transfers to other levels of government:								
17. Federal	591	653	571	637	2,452	696		
18. Total expenditure	5,924	6,386	6,752	6,745	25,807	6,601		
19. Federal	2,948	3,032	3,001	3,077	12,058	3,288		
20. Provincial and municipal	2,975	3,351	3,747	3,661	13,734	3,305		
21. Canada Pension Plan	1	2	3	5	11	6		
22. Quebec Pension Plan	-	1	1	2	4	2		
23. Deficit (-) or Surplus	354	135	- 141	452	800	609		
24. Federal	- 283	- 102	- 50	270	- 165	- 195		
25. Provincial and municipal	396	- 45	- 353	- 23	- 25	541		
26. Canada Pension Plan	181	211	206	157	755	196		
27. Quebec Pension Plan	60	71	56	48	235	67		
28. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	6,278	6,521	6,611	7,197	26,607	7,210		
29. FEDERAL	2,665	2,930	2,951	3,347	11,893	3,093		
30. PROVINCIAL AND MUNICIPAL	3,371	3,306	3,394	3,638	13,709	3,846		
31. CANADA PENSION PLAN	182	213	209	162	766	202		
32. QUEBEC PENSION PLAN	60	72	57	50	239	69		

(1) From 1961 on, this item is treated as government current expenditure; prior to 1961, it was treated as capital transfer.

TABLE 7. Source of National Saving, by Quarters, 1968 and 1969
(millions of dollars)

	1968					1969		
	I	II	III	IV	Year	I	II	III
1. Personal net saving	626	873	2,457	92	4,048	679		
2. Business gross saving	1,890	2,200	2,253	2,278	8,621	2,227		
3. Undistributed corporation profits	204	491	409	413	1,517	362		
4. Capital consumption allowances and miscellaneous valuation adjustments	1,767	1,901	1,777	1,815	7,260	1,852		
5. Adjustment on grain transactions(1)	- 101	- 201	40	36	- 226	- 1		
6. Capital assistance	20	9	27	14	70	14		
7. Inventory valuation adjustment	- 83	- 54	- 39	- 129	- 305	- 168		
8. Government surplus or deficit (-)	354	135	- 141	452	800	609		
9. Residual error of estimate	- 166	- 17	88	54	- 41	- 277		
10. Totals	2,621	3,137	4,618	2,747	13,123	3,070		

(1) This item is an adjustment to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board. See also footnote 1, Table 3.

TABLE 8. Disposition of National Saving, by Quarters, 1968 and 1969
(millions of dollars)

	1968					1969		
	I	II	III	IV	Year	I	II	III
1. Business gross fixed capital formation	2,792	3,319	3,209	3,433	12,753	2,987		
2. New residential construction	525	716	754	836	2,831	706		
3. New non-residential construction	920	1,152	1,269	1,342	4,683	923		
4. New machinery and equipment	1,347	1,451	1,186	1,255	5,239	1,358		
5. Value of physical change in inventories	- 74	- 141	1,254	- 379	660	137		
6. Surplus or deficit (-) on current account with non-residents	- 264	- 58	243	- 253	- 332	- 332		
7. Residual error of estimate	167	17	- 88	- 54	42	278		
8. Totals	2,621	3,137	4,618	2,747	13,123	3,070		

TABLE 9. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1968 and 1969
(millions of dollars)

	1968					1969		
	I	II	III	IV	Year	I	II	III
1. GROSS NATIONAL PRODUCT AT MARKET PRICES ..	15,036	16,443	18,288	17,601	67,368	16,693		
2. Deduct: Residual error of estimate	166	17	- 88	- 54	41	277		
3. Indirect taxes less subsidies ..	- 2,327	- 2,295	- 2,400	- 2,499	- 9,521	- 2,562		
4. Income received from non-residents	- 68	- 80	- 79	- 112	- 339	- 84		
5. Add: Income paid to non-residents ...	292	315	298	405	1,310	307		
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	13,099	14,400	16,019	15,341	58,859	14,631		

TABLE 10. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1968 and 1969(1)
(millions of dollars)

	1968					1969		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	7,705	8,074	7,954	9,007	32,740	8,162		
2. Non-durable goods	3,735	3,842	3,930	4,629	16,136	3,932		
3. Durable goods	1,003	1,224	1,081	1,318	4,626	1,101		
4. Services	2,967	3,008	2,943	3,060	11,978	3,129		
5. Government expenditure on goods and services	1,870	2,175	2,500	2,247	8,792	1,933		
6. Business gross fixed capital formation ..	2,099	2,451	2,335	2,476	9,361	2,160		
7. New residential construction	348	463	483	529	1,823	433		
8. New non-residential construction	642	793	876	915	3,226	623		
9. New machinery and equipment	1,109	1,195	976	1,032	4,312	1,104		
10. Change in inventories	- 44	- 142	977	- 246	545	157		
11. Non-farm business inventories	219	83	96	57	455	410		
12. Farm inventories and grain in commercial channels	- 263	- 225	881	- 303	90	- 253		
13. Exports of goods and services	3,036	3,639	3,699	3,732	14,106	3,424		
(of which merchandise)	(2,644)	(3,106)	(2,942)	(3,250)	(11,942)	(3,036)		
14. Deduct: Imports of goods and services ...	- 3,192	- 3,622	- 3,454	- 3,859	- 14,127	- 3,593		
(of which merchandise)	(2,408)	(2,749)	(2,510)	(2,979)	(10,646)	(2,779)		
15. Residual error of estimate	129	13	- 67	- 41	34	206		
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	11,603	12,588	13,944	13,316	51,451	12,449		

(1) The implicit price deflators of the seasonally unadjusted components of Gross National Expenditure, derived by dividing the value figures in Table 2 by the constant dollar figures in Table 10, are not suitable as indicators of quarter-to-quarter price change. This is because they are currently weighted and therefore are affected by compositional shifts which occur within the unadjusted components of Gross National Expenditure, on a quarter-to-quarter basis. Quarter-to-quarter comparisons based on seasonally adjusted data are less subject to the problem of shifting weights and may be used as a measure of price change.

TABLES ADJUSTED FOR SEASONAL VARIATION AND AT ANNUAL RATES

TABLE 11. National Income and Gross National Product, by Quarters, 1968 and 1969 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1968					1969		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income	33,784	34,844	35,532	36,740	35,225	37,856		
2. Military pay and allowances	688	648	732	716	696	652		
3. Corporation profits before taxes	5,324	5,656	5,960	6,568	5,877	6,552		
4. Deduct: Dividends paid to non-residents(1)	- 804	- 940	- 904	- 716	- 841	- 784		
5. Rent, interest, and miscellaneous investment income	4,580	4,732	4,776	4,944	4,758	5,248		
6. Accrued net income of farm operators from farm production(2)	1,820	1,592	1,828	1,944	1,796	1,804		
7. Net income of non-farm unincorporated business(3)	3,272	3,400	3,480	3,536	3,422	3,552		
8. Inventory valuation adjustment	- 284	- 176	- 284	- 476	- 305	- 512		
9. NET NATIONAL INCOME AT FACTOR COST	48,380	49,756	51,120	53,256	50,628	54,368		
10. Indirect taxes less subsidies	9,368	9,296	9,512	9,908	9,521	10,332		
11. Capital consumption allowances and miscellaneous valuation adjustments	7,252	7,260	7,272	7,256	7,260	7,580		
12. Residual error of estimate	168	16	- 80	- 268	- 41	- 396		
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	65,168	66,328	67,824	70,152	67,368	71,884		
14. (Gross national product at market prices excluding accrued net income of farm operators)	(63,348)	(64,736)	(65,996)	(68,208)	(65,572)	(70,080)		

(1) See footnote 1, Table 1.

(2) Includes an arbitrary smoothing of crop production and standard seasonal adjustments for withdrawals of grain from farm stocks and the change in livestock items. Because of the arbitrary elements, too precise an interpretation should not be given the seasonally adjusted figures of accrued net income of farm operators.

(3) Includes net income of independent professional practitioners.

TABLE 12. Gross National Expenditure, by Quarters, 1968 and 1969 Seasonally Adjusted at Annual Rates
(million of dollars)

	1968					1969		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	39,872	40,164	41,380	42,248	40,916	43,496		
2. Government expenditure on goods and services(1, 2)	12,840	13,112	13,408	13,956	13,329	14,108		
3. Business gross fixed capital formation(3)	12,632	12,516	12,736	13,128	12,753	13,576		
4. New residential construction	2,548	2,852	2,836	3,088	2,831	3,404		
5. New non-residential construction	4,620	4,612	4,664	4,836	4,683	4,696		
6. New machinery and equipment	5,464	5,052	5,236	5,204	5,239	5,476		
7. Value of physical change in inventories	468	384	716	1,072	660	1,056		
8. Non-farm business inventories	288	396	680	552	479	1,020		
9. Farm inventories and grain in commercial channels(4)	180	- 12	36	520	181	36		
10. Exports of goods and services	16,156	16,736	16,636	17,412	16,735	18,336		
11. Deduct: Imports of goods and services	- 16,628	- 16,572	- 17,132	- 17,936	- 17,067	- 19,084		
12. Residual error of estimate	- 172	- 12	80	272	42	396		
13. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	65,168	66,328	67,824	70,152	67,368	71,884		
Detail of Farm Inventories and GICC:								
Value of grain crop production	1,480	1,484	1,484	1,484	1,483	1,272		
Depletions of farm stocks of grain	- 1,452	- 1,184	- 992	- 1,284	- 1,228	- 1,348		
Change in livestock inventories	- 32	- 160	- 144	20	- 79	- 84		
Grain in commercial channels	184	- 152	- 312	300	5	196		

(1) See footnote 1, Table 2.

(2) For details of defence expenditures, see line 3, Table 16.

(3) See footnote 3, Table 2.

(4) In the seasonally adjusted series, the value of grain production in each quarter is taken as one-fourth of the estimated value of crop production for the year as a whole (see footnote 2, Table 11). All other items in the farm inventories series are seasonally adjusted by standard techniques.

TABLE 13. Source of Personal Income, by Quarters, 1968 and 1969 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1968					1969		
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income	33,784	34,844	35,532	36,740	35,225	37,856		
2. Deduct: Employer and employee contributions to social insurance and government pension funds	- 2,204	- 2,208	- 2,272	- 2,508	- 2,298	- 2,476		
3. Military pay and allowances	688	648	732	716	696	652		
4. Net income received by farm operators from farm production(1)	2,048	1,808	2,060	2,172	2,022	1,720		
5. Net income of non-farm unincorporated business	3,272	3,400	3,480	3,536	3,422	3,552		
6. Interest, dividends, and net rental income of persons(2)	5,140	5,312	5,384	5,424	5,315	5,620		
Transfer payments to persons:								
7. From government (excluding interest)	6,636	7,172	7,404	7,564	7,194	7,528		
8. Charitable contributions by corporations	48	48	48	48	48	48		
9. PERSONAL INCOME	49,412	51,024	52,368	53,692	51,624	54,500		

- (1) This item differs from line 6, Table 11, by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.
(2) Includes all government debt interest paid to persons.

TABLE 14. Disposition of Personal Income, by Quarters, 1968 and 1969 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1968					1969		
	I	II	III	IV	Year	I	II	III
1. Personal direct taxes	6,412	6,236	6,716	7,276	6,660	7,568		
2. Income taxes	5,744	5,540	5,932	6,472	5,922	6,724		
3. Succession duties and estate taxes	236	224	248	232	235	228		
4. Miscellaneous	432	472	536	572	503	616		
5. Personal expenditure on consumer goods and services	39,872	40,164	41,380	42,248	40,916	43,496		
6. Non-durable goods	19,452	19,456	19,668	20,204	19,695	20,880		
7. Durable goods	4,608	4,624	4,996	4,992	4,805	5,080		
8. Services(1)	15,812	16,084	16,716	17,052	16,416	17,536		
9. Personal net saving	3,128	4,624	4,272	4,168	4,048	3,436		
10. PERSONAL INCOME	49,412	51,024	52,368	53,692	51,624	54,500		
11. (Personal disposable income)(2)	(43,000)	(44,788)	(45,652)	(46,416)	(44,964)	(46,932)		

- (1) Includes net expenditure abroad.
(2) Personal Income less Total Personal Direct Taxes.

TABLE 15. Government Revenue, by Quarters, 1968 and 1969 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1968					1969		
	I	II	III	IV	Year	I	II	III
1. Direct taxes - Persons	6,412	6,236	6,716	7,276	6,660	7,568		
2. Federal	4,260	3,952	4,272	4,648	4,283	4,976		
3. Provincial and municipal	2,152	2,284	2,444	2,628	2,377	2,592		
4. Direct taxes - Corporations	2,396	2,480	2,608	2,888	2,593	2,976		
5. Federal(1)	1,788	1,852	1,944	2,144	1,932	2,216		
6. (Federal tax collections)(1)	(1,788)	(1,508)	(2,340)	(1,868)	(1,876)	(2,760)		
7. Provincial	608	628	664	744	661	760		
8. (Provincial tax collections)	(720)	(632)	(700)	(680)	(683)	(840)		
Withholding taxes:								
9. Federal(2)	220	208	232	176	209	212		
10. Indirect taxes	9,812	9,768	10,044	10,460	10,021	10,808		
11. Federal	3,716	3,576	3,772	3,992	3,764	3,924		
12. Provincial and municipal(3)	6,096	6,192	6,272	6,468	6,257	6,884		
13. Investment income	2,216	2,372	2,380	2,528	2,374	2,704		
14. Federal	784	844	952	932	878	1,052		
15. Provincial and municipal	1,376	1,448	1,356	1,484	1,416	1,564		
16. Canada Pension Plan	56	80	72	112	80	88		
17. Employer and employee contributions to social insurance and government pension funds	2,204	2,208	2,272	2,508	2,298	2,476		
18. Federal	776	756	788	988	827	940		
19. Provincial and municipal	528	532	564	560	546	548		
20. Canada Pension Plan(4)	664	680	696	704	686	716		
21. Quebec Pension Plan(4)	236	240	224	256	239	272		
Transfers from Federal:								
22. Provincial and municipal	2,324	2,564	2,376	2,544	2,452	2,728		
23. TOTAL REVENUE	25,584	25,836	26,628	28,380	26,607	29,472		
24. FEDERAL	11,544	11,188	11,960	12,880	11,893	13,320		
25. PROVINCIAL AND MUNICIPAL	13,084	13,648	13,676	14,428	13,709	15,076		
26. CANADA PENSION PLAN	720	760	768	816	766	804		
27. QUEBEC PENSION PLAN	236	240	224	256	239	272		

(1) "See footnote 1, Table 5."

(2) "See footnote 2, Table 5."

(3) The quarterly figures of real property taxes unadjusted and seasonally adjusted are obtained by dividing annual totals by four since real property taxes accrue uniformly throughout the taxation year. Because in recent years, changes in real property tax rates have been generally upward this treatment gives rise to fictitious seasonal between the fourth and first quarters in the seasonally adjusted indirect taxes series.

(4) Estimates of a normal quarterly pattern have been used to seasonally adjust the contributions to the Canada and Quebec Pension Plans. No precise interpretation can be placed on the quarterly movements of these series until a later date.

TABLE 16. Government Expenditure, by Quarters, 1968 and 1969 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1968					1969		
	I	II	III	IV	Year	I	II	III
1. Goods and services	12,840	13,112	13,408	13,956	13,329	14,108		
2. Federal	4,384	4,348	4,376	4,792	4,475	4,796		
3. (Defence)	(1,700)	(1,816)	(1,800)	(1,932)	(1,812)	(1,836)		
4. Provincial and municipal	8,456	8,764	9,032	9,164	8,854	9,312		
5. Transfer payments to persons (excluding interest on the public debt)	6,636	7,172	7,404	7,564	7,194	7,528		
6. Federal	3,064	3,400	3,292	3,352	3,277	3,492		
7. Provincial and municipal	3,568	3,760	4,096	4,184	3,902	4,004		
8. Canada Pension Plan	4	8	12	20	11	24		
9. Quebec Pension Plan	-	4	4	8	4	8		
10. Interest on the public debt	2,092	2,260	2,364	2,332	2,262	2,388		
11. Federal	1,256	1,424	1,500	1,456	1,409	1,436		
12. Provincial and municipal	836	836	864	876	853	952		
13. Subsidies	444	472	532	552	500	476		
14. Federal	328	352	388	432	375	360		
15. Provincial	116	120	144	120	125	116		
Capital Assistance(1)								
16. Federal	80	36	108	56	70	56		
Transfers to other levels of government								
17. Federal	2,324	2,564	2,376	2,544	2,452	2,728		
18. Total expenditure	24,416	25,616	26,192	27,004	25,807	27,284		
19. Federal	11,436	12,124	12,040	12,632	12,058	12,868		
20. Provincial and municipal	12,976	13,480	14,136	14,344	13,734	14,384		
21. Canada Pension Plan	4	8	12	20	11	24		
22. Quebec Pension Plan	-	4	4	8	4	8		
23. Deficit (-) or surplus	1,168	220	436	1,376	800	2,188		
24. Federal	108	- 936	- 80	248	- 165	452		
25. Provincial and municipal	108	168	- 460	84	- 25	692		
26. Canada Pension Plan	716	752	756	796	755	780		
27. Quebec Pension Plan	236	236	220	248	235	264		
28. TOTAL EXPENDITURE MINUS DEFICIT OR PLUS SURPLUS	25,584	25,836	26,628	28,380	26,607	29,472		
29. FEDERAL	11,544	11,188	11,960	12,880	11,893	13,320		
30. PROVINCIAL AND MUNICIPAL	13,084	13,648	13,676	14,428	13,709	15,076		
31. CANADA PENSION PLAN	720	760	768	816	766	804		
32. QUEBEC PENSION PLAN	236	240	224	256	239	272		

(1) See footnote 1, Table 6.

TABLE 17. Source of National Saving, by Quarters, 1968 and 1969 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1968					1969		
	I	II	III	IV	Year	I	II	III
1. Personal net saving	3,128	4,624	4,272	4,168	4,048	3,436		
2. Business gross saving	8,276	8,368	8,692	9,148	8,621	9,564		
3. Undistributed corporation profits	1,172	1,288	1,544	2,064	1,517	1,844		
4. Capital consumption allowances and miscellaneous valuation adjustments	7,252	7,260	7,272	7,256	7,260	7,580		
5. Adjustment on grain transactions(1)	- 228	- 216	- 232	- 228	- 226	84		
6. Capital assistance	80	36	108	56	70	56		
7. Inventory valuation adjustment	- 284	- 176	- 284	- 476	- 305	- 512		
8. Government surplus or deficit (-)	1,168	220	436	1,376	800	2,188		
9. Residual error of estimate	168	16	- 80	- 268	- 41	- 396		
10. Totals	12,456	13,052	13,036	13,948	13,123	14,280		

(1) This item is an adjustment to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board. See also footnote 1, Table 3.

TABLE 18. Disposition of National Saving, by Quarters, 1968 and 1969 Seasonally Adjusted at Annual Rates
(millions of dollars)

	1968					1969		
	I	II	III	IV	Year	I	II	III
1. Business gross fixed capital formation	12,632	12,516	12,736	13,128	12,753	13,576		
2. New residential construction	2,548	2,852	2,836	3,088	2,831	3,404		
3. New non-residential construction	4,620	4,612	4,664	4,836	4,683	4,696		
4. New machinery and equipment	5,464	5,052	5,236	5,204	5,239	5,476		
5. Value of physical change in inventories	468	384	716	1,072	660	1,056		
6. Surplus or deficit (-) on current account with non-residents	- 472	164	- 496	- 524	- 332	- 748		
7. Residual error of estimate	- 172	- 12	80	272	42	396		
8. Totals	12,456	13,052	13,036	13,948	13,123	14,280		

TABLE 19. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1968 and 1969
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1968					1969		
	I	II	III	IV	Year	I	II	III
1. GROSS NATIONAL PRODUCT AT MARKET PRICES ..	65,168	66,328	67,824	70,152	67,368	71,884		
2. Deduct: Residual error of estimate	- 168	- 16	80	268	41	396		
3. Indirect taxes less subsidies ..	- 9,368	- 9,296	- 9,512	- 9,908	- 9,521	- 10,332		
4. Income received from non-residents	- 300	- 360	- 380	- 316	- 339	- 376		
5. Add: Income paid to non-residents ...	1,252	1,368	1,384	1,236	1,310	1,320		
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	56,584	58,024	59,396	61,432	58,859	62,892		

TABLE 20. Gross National Expenditure in Constant (1957) Dollars, by Quarters, 1968 and 1969(1)
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1968					1969		
	I	II	III	IV	Year	I	II	III
1. Personal expenditure on consumer goods and services	32,296	32,268	33,032	33,364	32,740	34,060		
2. Non-durable goods	16,100	15,980	16,080	16,384	16,136	16,808		
3. Durable goods	4,436	4,444	4,824	4,800	4,626	4,864		
4. Services	11,760	11,844	12,128	12,180	11,978	12,388		
5. Government expenditure on goods and services	8,588	8,780	8,740	9,060	8,792	8,892		
6. Business gross fixed capital formation ..	9,448	9,204	9,300	9,492	9,361	9,748		
7. New residential construction	1,680	1,848	1,812	1,952	1,823	2,080		
8. New non-residential construction	3,240	3,184	3,200	3,280	3,226	3,184		
9. New machinery and equipment	4,528	4,172	4,288	4,260	4,312	4,484		
10. Change in inventories	324	328	620	908	545	1,028		
11. Non-farm business inventories	252	400	592	576	455	908		
12. Farm inventories and grain in commercial channels	72	- 72	28	332	90	120		
13. Exports of goods and services	13,648	14,096	14,020	14,660	14,106	15,268		
(of which merchandise)	(11,532)	(11,840)	(11,812)	(12,584)	(11,942)	(13,120)		
14. Deduct: Imports of goods and services ...	-13,848	-13,740	-14,180	-14,740	-14,127	-15,576		
(of which merchandise)	(10,452)	(10,224)	(10,564)	(11,344)	(10,646)	(12,072)		
15. Residual error of estimate	- 128	- 8	60	212	34	296		
16. GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS	50,328	50,928	51,592	52,956	51,451	53,716		

(1) See footnote 1, Table 10.

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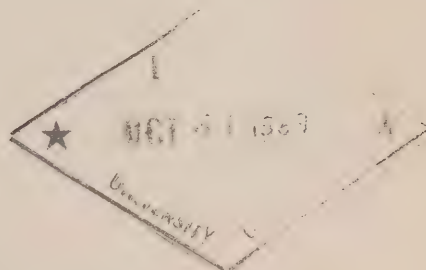
QUARTERLY



SYSTEM OF NATIONAL ACCOUNTS

NATIONAL INCOME AND
EXPENDITURE ACCOUNTS

SECOND QUARTER 1969



DOMINION BUREAU OF STATISTICS

DOMINION BUREAU OF STATISTICS
National Income and Expenditure Division

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EXPENDITURE ACCOUNTS

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13-001	"National Accounts, Income and Expenditure, First Quarter 1969", for four quarters 1968 and first quarter 196975

NOTE

Data on revised First Quarter 1969, and preliminary Second Quarter 1969, consistent with previously published estimates are available on request from the National Income and Expenditure Division. See note on next page.

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NOTE

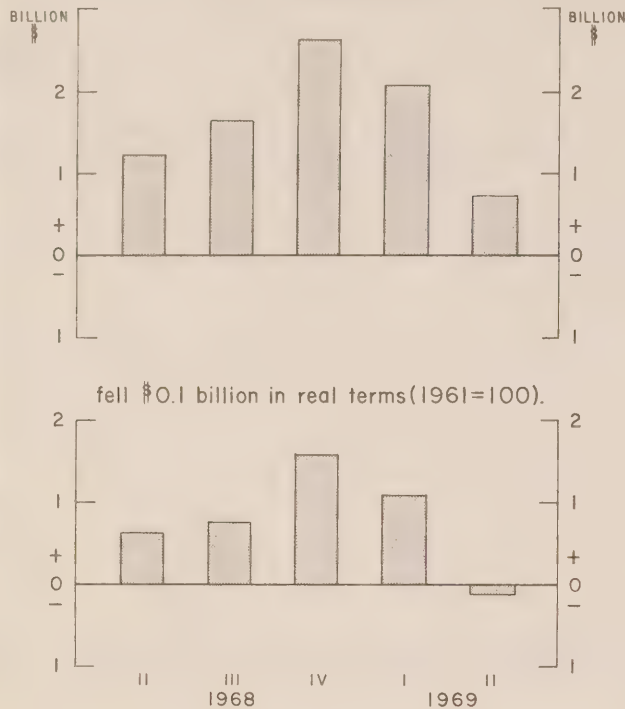
D.B.S. recently released the summary results of a complete and comprehensive revision of the National Income and Expenditure Accounts. This revision was carried out at the annual level only; a revision of quarterly estimates is now underway and will not be available for some time. During the interim period, 1968 quarterly data previously published have been restructured into the new framework of the accounts and then adjusted arithmetically to the new annual totals; these revised estimates have been linked forward for the first two quarters of 1969. In this publication, data are given for the income and expenditure tables only and for G.N.E. in constant (1961) dollars; a full set of tables will be prepared at the time of the fourth quarter. In the meantime, data for all tables on an unrevised basis are available on request from the National Income and Expenditure Division.

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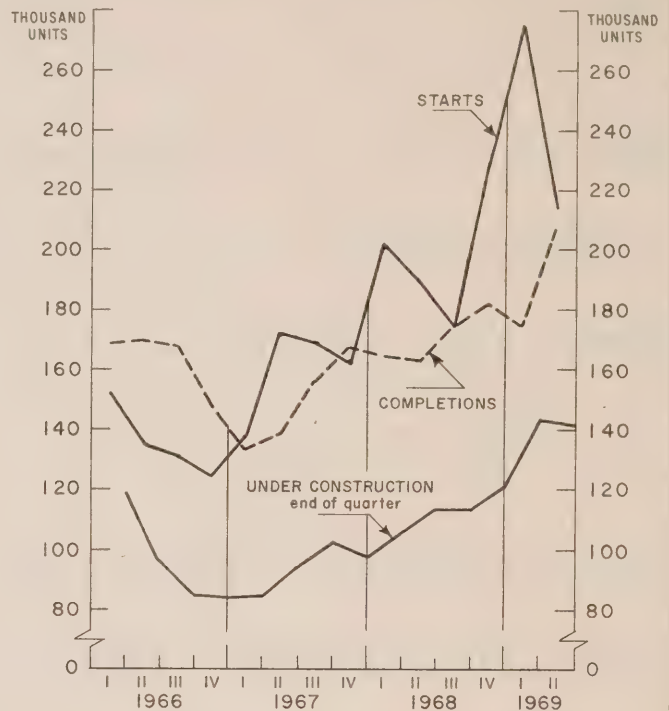
G.N.P. in current prices rose \$0.7 billion in the second quarter but

(Quarter-to-quarter change)

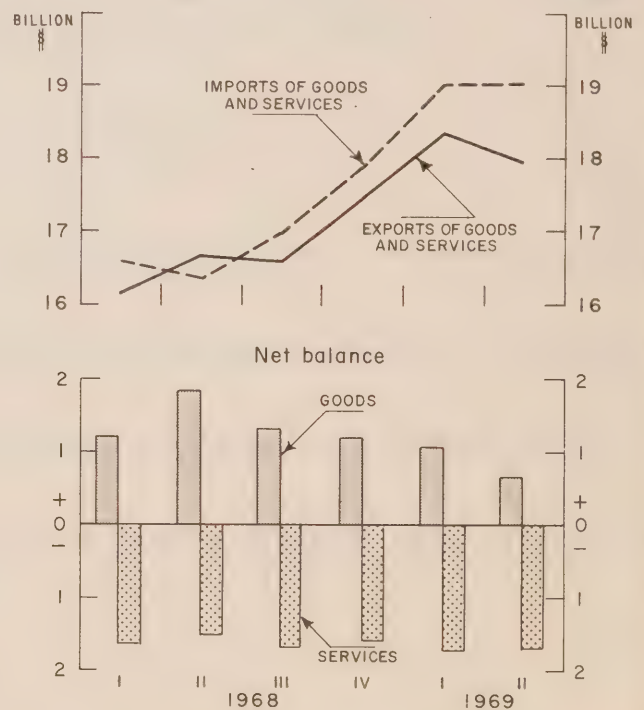
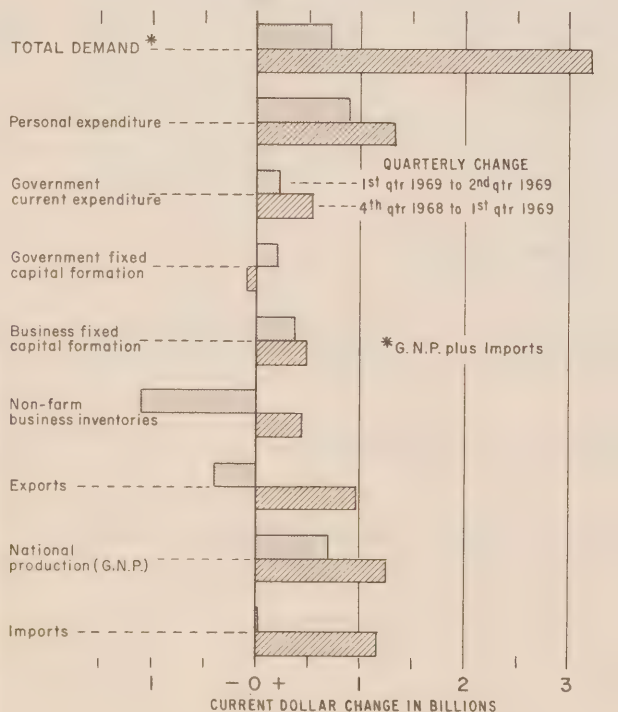


While government fixed capital formation rose after falling in the first quarter, inventories and exports declined and other categories of demand increased at a slower rate.

Investment in new housing rose 7.9 per cent in the second quarter reflecting higher starts in the previous two quarters. Completions and average units under construction were up in the second quarter.



A smaller surplus in the merchandise account than in recent quarters widened the deficit in goods and services transactions with non-residents.



ALL DATA SEASONALLY ADJUSTED, AT ANNUAL RATES.

INTRODUCTORY REVIEW - SECOND QUARTER 1969

After five quarters of rapid growth, the pace of economic activity levelled off in the strike affected second quarter of 1969. Gross National Product at market prices rose by 0.9 per cent to reach a level of \$77.3 billion, seasonally adjusted at annual rates. With price increases of 1.1 per cent absorbing all of this gain, the volume of physical production remained virtually level with a decline of 0.2 per cent.

A lessening in demand pressure was evident in all major components except government capital expenditure, which rose by 6-1/2 per cent. The percentage gains shown by personal expenditure, 2 per cent, and by government current expenditure on goods and services, 1-1/2 per cent, were markedly lower than the corresponding increases of 3 and 4-1/2 per cent in the first quarter. The rise in the value of business gross fixed capital formation was mostly due to higher prices; in real terms, it rose by one-half of 1 per cent versus 2 per cent in the first quarter. Declines occurred in exports of goods and services and in business non-farm inventory investment; the former declined by 2 per cent while the latter showed a small liquidation compared with substantial accumulation in the three previous quarters.

Within personal expenditure, services continued to increase at about the same rate as in previous quarters, but there was a sharp slowdown in purchase of goods. Durable goods showed a decline, mainly the result of sharply curtailed consumer expenditure on new cars of North American manufacture, while non-durable goods eased markedly. Large price increases accounted for two-thirds of the increased expenditures.

A 6 per cent increase in housing construction accounted for most of the addition to business capital formation. Spending on plant and equipment rose by 1-1/2 per cent and was centered in machinery and equipment. Industrial disputes contributed to a slowdown in non-residential construction. The 1 per cent increase in outlays was entirely due to sharply rising material prices and wage rates; in constant dollars, non-residential construction showed a 2 per cent decline.

All of the inventory build-up in the second quarter took place in the farm sector and reflected accumulation in farm-held grain stocks associated with the slowdown in grain sales and in higher valued livestock inventories. Non-farm business inventories showed a small depletion after a billion dollar accumulation in the first quarter. The decline in business investment in non-farm inventories was widespread.

In the external sector, the net effect of a decline in exports and an unchanged level of imports was a widening in the deficit on current account (on a national accounts basis) from an annual rate of \$676 million in the previous quarter to \$1,080 million. The merchandise surplus dropped from \$1,056 to \$624 million, while the non-merchandise deficit narrowed slightly. Wheat and iron ore led the decline in merchandise exports.

On the income side, for the second consecutive quarter there was practically no change in corporation profits. Wages and salaries continued to advance rapidly, by about 3 per cent, with higher average weekly earnings accounting for most of the rise. Employment slowed down, largely the result of a number of strikes in the construction, mining and transportation industries. The unemployment rate, which had declined to 4.2 per cent in the first quarter from its high levels of around 5 per cent through the last three quarters of 1968, rose in the second quarter to 4.8 per cent.

Price Movements

The implicit price index of gross national expenditure advanced 1.1 per cent compared with an increase of 0.9 per cent in the first quarter. Higher rates of price increases occurred in all major components except exports which continued to show substantial increases.

Selected Implicit Price Indexes - Seasonally Adjusted
Percentage Change from the Previous Quarter

	1 9 6 8			1 9 6 9	
	2 Q	3 Q	4 Q	1 Q	2 Q
Personal expenditure on consumer goods and services.....	0.8	0.6	1.1	0.8	1.3
Business gross fixed capital formation.....	1.5	0.7	0.8	1.6	2.3
Residential construction.....	1.6	1.5	1.1	3.4	2.2
Non-residential construction.....	1.6	0.5	1.1	1.7	3.0
Machinery and equipment.....	0.4	0.8	-0.1	-	1.7
Exports of goods and services.....	0.3	-	0.1	1.2	1.0
Gross National Expenditure.....	0.7	1.0	1.0	0.9	1.1

Within personal expenditure, food prices advanced 1.9 per cent; a sharp increase of 11.2 per cent in the price of beef together with smaller increases in pork and other meats were slightly moderated by declines of 4.6 per cent in fresh fruits and 1.1 per cent in fresh vegetables. Alcoholic beverages and tobacco products rose 3.0 and 3.3 per cent respectively. Increases were also recorded in the price indexes of furniture, jewellery, household appliances, purchased transportation, medical care and rents; the price index of automobiles showed little change.

The price indexes of business residential and non-residential construction advanced markedly, by 2.2 and 3.0 per cent respectively. As in the last quarter, residential construction was particularly affected by sharp rises in the prices of lumber products. Both labour and materials components contributed to the acceleration in the price index of non-residential construction, but the most pronounced movement was shown by wage rates, especially in engineering construction. Prices of machinery and equipment, which had remained practically constant in the previous two quarters, jumped by 1.7 per cent in the second quarter.

The Components of Demand

Personal Expenditure on Consumer Goods and Services

Personal expenditure recorded an increase of 2 per cent in the second quarter, the smallest advance in a year and considerably lower than the 3 per cent rise in the first quarter. With price increases accelerating, the gain in volume was slightly more than one-half of 1 per cent. Both the slowdown in outlays and the acceleration in prices were centered in goods; expenditures and price increases for services rose at about the same rate as in recent quarters.

Within goods, purchases of new and used cars declined by 5-1/2 per cent after a 1-1/2 per cent drop in the first quarter. Outlays for new cars of North American manufacture recorded a second successive decline; purchases of used cars fell for the third consecutive quarter. Home furnishings, furniture and electrical appliances recorded increases of between 1 and 2 per cent, half as large as in the previous quarter. Food expenditures rose by 2 per cent, almost entirely the result of higher prices, while both tobacco and alcoholic beverages registered declines. Clothing outlays rose by 3 per cent, compared with 5 per cent in the first quarter, with the slowdown occurring in the women's and children's component.

Among components of services, increases of between 2-1/2 and 3-1/2 per cent were recorded in shelter, medical care, household operations and user-operated transportation, while personal care and recreation each rose by 1 per cent. The purchased transportation component declined 9-1/2 per cent, largely reflecting the Air Canada strike in April and May.

Gross Fixed Capital Formation

Spending on gross fixed capital formation increased by 3-1/2 per cent in the second quarter, reaching an annual rate of \$17.4 billion. Government capital spending increased by 6-1/2 per cent to a level of \$3.3 billion, business spending by 3 per cent to a level of \$14.1 billion.

The strong increase in government capital expenditure, which occurred after declines in the three preceding quarters, was largely concentrated in municipal non-residential construction.

Among components of business capital spending, the rise in residential construction of over 6 per cent was the most pronounced. This rise reflected strong advances in housing starts in the previous two quarters. During the second quarter housing starts declined from an annual rate of 275,000 units to 213,600, while completions were up from 175,000 to 206,400 units. The average number of units under construction rose from 132,000 to 142,800.

Business non-residential construction, which was affected by a number of industrial disputes, continued at about the same rate as in the last two quarters. Business machinery and equipment rose by 2 per cent, all of which was due to non-farm capital goods, both imported and domestically produced.

Non-Farm Business Inventories

Stocks of non-farm business inventories in the second quarter of 1969 were liquidated by \$92 million, seasonally adjusted at annual rates. This liquidation was in contrast with a substantial accumulation of \$1 billion in the previous period. The decline in the current quarter was most notable in the stocks of non-durable goods producing industries.

In manufacturing, there were increases in the stocks of almost all the durable goods producing industries, though generally at a lower rate than in the previous quarter, but these were more than offset by a substantial liquidation in the stocks of the non-durable goods sector, especially in the food, paper and petroleum industries.

There were practically no net additions to inventories in wholesale trade, a general increase in the stocks of durable goods dealers being balanced by a liquidation in non-durable lines, mostly groceries and petroleum dealers. At the retail trade level, increases in stocks occurred in most lines of durable and non-durable goods, but the rate of accumulation was much smaller than in the previous quarter.

Exports and Imports of Goods and Services

The decline of merchandise exports, which fell by 3-1/2 per cent, was centered on wheat, iron ore, lumber, newsprint and primary iron and steel. Merchandise imports showed a smaller decrease, down 1 per cent.

Some differences exist between the movements of merchandise exports and imports shown by the Balance of Payments, and included in this report on a national accounts basis, and those recorded in "Trade of Canada" reports. In the second quarter a number of balance of payments adjustments were made to recorded merchandise trade to reflect the actual timing of wheat shipments and to take into account progress payments on aircraft for both exports and imports. In addition to these, adjustments were introduced this quarter to take account of differences in valuation concepts between the trade and balance of payments series relating to automotive products and an adjustment to eliminate from merchandise imports of automotive products certain charges which have been included in non-merchandise transactions. ^{1/}

^{1/} For further detail see "Quarterly Estimates of the Canadian Balance of International Payments", Second Quarter 1969 (67-001).

Transactions with Non-Residents
Seasonally adjusted, at annual rates
(National Accounts Basis)

	I Q 1969		Net	II Q 1969		Net	Change in Balance
	Exports	Imports		Exports	Imports		
	(millions of dollars)						
Goods.....	14,992	13,936	1,056	14,444	13,820	624	-432
Services.....	3,348	5,080	-1,732	3,500	5,204	-1,704	28
Gold available for export..	116		116	116		116	
Tourist and travel.....	1,100	1,160	-60	1,112	1,284	-172	-112
Interest, dividends and miscellaneous income (1).	552	1,876	-1,324	656	1,928	-1,272	52
Freight and shipping	920	976	-56	920	992	-72	-16
Other transactions (2).....	660	1,068	-408	696	1,000	-304	104
Total.....	18,340	19,016	-676	17,944	19,024	-1,080	-404

(1) Includes withholding tax.

(2) Excludes personal and institutional remittances, official contributions and pension payments.

The Components of Income

Labour Income

During the second quarter, labour income increased by almost 3 per cent, approximately the same as the gains recorded during the preceding two quarters. The goods-producing industries advanced by about 2 per cent and the service-producing industries by over 3 per cent.

In the goods-producing industries, manufacturing increased by over 2 per cent with relatively larger increases in average weekly earnings than in employment. Wages and salaries in construction, which was seriously affected by industrial disputes, remained about the same. Mining was also affected by industrial disputes and declined by about 2 per cent.

In the service-producing industries, utilities, and transportation, storage and communication recorded an increase of 1-1/2 per cent despite the Air Canada strike. Trade increased by over 2-1/2 per cent mainly because of higher average weekly earnings. Finance increased by 5 per cent, service by almost 4 per cent and government by about 3-1/2 per cent.

Corporation Profits

Corporation profits before taxes for the second quarter 1969 remained almost level with those of the two previous quarters. Sizeable advances occurred in the mining industry, 13 per cent, and in the finance and services industries, 7 per cent each. Lesser gains of 2 per cent occurred in manufacturing and in transportation, storage and communication. Increases were almost entirely offset by substantial declines of about 18 per cent in each of the retail and wholesale trade groups. Within manufacturing, movements were mixed. Food and beverages, rubber, textiles, electrical products and chemicals all registered profit increases, while printing and publishing, metals, other manufacturing and non-metallic industries suffered declines.

Accrued Net Income of Farm Operators

Accrued net income of farm operators from farm production rose to a rate of \$1,600 million, 3-1/2 per cent higher than in the first quarter. The value of livestock production rose sharply, due mainly to higher prices. Partially offsetting this increase were declines in the value of grain production, reflecting a lower rate of profits of the Canadian Wheat Board as both exports and prices fell, and in cash income from the sale of other farm products, notably in tobacco, dairy products and fruits.

Real Domestic Product ^{1/}

Real Domestic Product dropped by 0.6 per cent in the second quarter, after large advances in the previous two quarters. This is the first decrease recorded in this index since the current economic upswing started in 1961. Major labour disturbances contributed to the setback in output of both goods and service-producing industries.

In goods, the decline originated mainly in the mining industries (down 7-1/2 per cent), where the production of iron ore was seriously affected by labour disputes. Output in agriculture and in construction was also down, whereas manufacturing recorded a small gain. Most of the drop in service-producing industries was attributable to transportation, which fell by 4.6 per cent - largely the result of major strikes directly or indirectly affecting air, railway and water transport.

1/ For further information, see "Index of Industrial Production", July 1969 (DBS 61-005).

TECHNICAL NOTE

The Balance of Payments and Financial Flows Division revised data for 1967 and 1968 in the second quarter of 1969. The revised figures are shown in "Quarter Estimates of the Canadian Balance of International Payments, Second Quarter 1969", DBS 67-001. These revisions have not been incorporated in the national accounts. The revised balance of payments figures for 1968 on a national accounts basis are shown in footnotes to Tables B., C., B1.* and C1.*

TABLES UNADJUSTED FOR SEASONAL VARIATION

A.* National Income and Gross National Product, by Quarters, 1968 and 1969

	1968				1969					
	I	II	III	IV	Year	I	II	III	IV	Year
					(millions of dollars)					
1. Wages, salaries, and supplementary labour income	8,959	9,530	9,971	10,033	38,493	10,032	10,673			
2. Military pay and allowances .	216	197	218	229	860	209	210			
3. Corporation profits before taxes	1,433	1,993	1,853	2,163	7,442	1,774	2,291			
4. Deduct: Dividends paid to non-residents (1)	- 198	- 196	- 201	- 281	- 876	- 195	- 170			
5. Interest, and miscellaneous investment income	622	603	650	705	2,580	746	703			
6. Accrued net income of farm operators from farm production (2)	59	54	1,190	168	1,471	84	131			
7. Net income of non-farm unincorporated business including rents (3)	882	1,037	1,061	1,238	4,218	937	1,053			
8. Inventory valuation adjustment (4)	- 86	- 56	- 41	- 134	- 317	- 168	- 209			
9. NET NATIONAL INCOME AT FACTOR COST	11,887	13,162	14,701	14,121	53,871	13,419	14,682			
10. Indirect taxes less subsidies	2,333	2,343	2,432	2,569	9,677	2,568	2,614			
11. Capital consumption allowances and miscellaneous valuation adjustments	2,057	2,205	2,074	2,113	8,449	2,158	2,244			
12. Residual error of estimate ..	- 345	- 247	197	- 148	- 543	- 398	- 286			
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	15,932	17,463	19,404	18,655	71,454	17,747	19,254			
14 (Gross national product at market prices excluding accrued net income of farm operators)	(15,873)	(17,409)	(18,214)	(18,487)	(69,983)	(17,663)	(19,123)			

(1) Includes the withholding tax applicable to this item.

(2) Includes an arbitrary smoothing of crop production and standard seasonal adjustments for withdrawals of grain from farm stocks and the change in livestock items. Because of the arbitrary elements, too precise an interpretation should not be given the seasonally adjusted figures of accrued net income of farm operators.

(3) Includes net income of independent professional practitioners.

(4) See footnote 1 Table B.

*This table corresponds to Table 1 of the previously published estimates.

B.* Gross National Expenditure, by Quarters, 1968 and 1969

	1968				Year	1969				Year
	I	II	III	IV		I	II	III	IV	
	(millions of dollars)									
1. Personal expenditure on consumer goods and services ..	9,802	10,404	10,353	11,801	42,360	10,748	11,481			
2. Government current expenditure on goods and services	2,994	2,857	3,034	3,193	12,078	3,401	3,294			
3. Gross fixed capital formation	3,263	4,197	4,302	4,273	16,035	3,486	4,658			
4. Government	437	858	1,085	824	3,204	425	871			
5. Residential construction	4	3	3	2	12	4	3			
6. Non-residential construction	347	782	987	731	2,847	341	788			
7. Machinery and equipment	86	73	95	91	345	80	80			
8. Business	2,826	3,339	3,217	3,449	12,831	3,061	3,787			
9. Residential construction	639	831	870	954	3,294	825	1,066			
10. Non-residential construction	887	1,105	1,206	1,290	4,488	929	1,167			
11. Machinery and equipment	1,300	1,403	1,141	1,205	5,049	1,307	1,554			
12. Value of physical change in inventories(1)	- 202	- 183	1,632	- 500	741	18	- 83			
13. Government	- 21	14	37	- 1	29	- 25	11			
Business:										
14. Non-farm	248	48	181	- 4	473	472	- 91			
15. Farm and grain in commercial channels	- 429	- 251	1,414	- 495	239	- 429	- 3			
16. Exports of goods and services (2)	3,572	4,302	4,428	4,390	16,692	4,083	4,658			
17. Deduct: Imports of goods and services(2)	- 3,843	- 4,355	- 4,149	- 4,649	- 16,996	- 4,388	- 5,040			
18. Residual error of estimate ..	346	247	- 196	147	544	399	286			
19. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	15,932	17,463	19,404	18,655	71,454	17,747	19,254			

(1) The book value of inventories is deflated to remove the effect of price changes and the derived "physical" change is then valued at average prices of the current period to obtain the value of physical change. The difference between this value of physical change and the change in book value is called the inventory valuation adjustment. (See line 8, Table A).

(2) Revised figures not incorporated into the Accounts as shown in the "Quarterly Estimates of the Canadian Balance of Payments, Second quarter 1969" DBS 67-001, are as follows:

Exports	3,586	4,290	4,443	4,388	16,707
Imports	3,829	4,348	4,149	4,625	16,951

* This table corresponds to Table 2 of the previously published estimates.

C.* Gross National Expenditure in Constant (1961) Dollars, by Quarters, 1968 and 1969(1)

	1968				1969					
	I	II	III	IV	Year	I	II	III	IV	Year

(1) The implicit price deflators of the seasonally unadjusted components of Gross National Expenditure, derived by dividing the value figures in current dollars by the constant dollar figures, are not suitable as indicators of quarter-to-quarter price change. This is because they are currently weighted and therefore are affected by compositional shifts which occur within the unadjusted components of Gross National Expenditure, on a quarter-to-quarter basis. Quarter-to-quarter comparisons based on seasonally adjusted data are less subject to the problem of shifting weights and may be used as a measure of price change.

(2) Revised figures not incorporated into the Accounts as shown in the "Quarterly Estimates of the Canadian Balance of Payments, Second quarter 1969" DBS 67-001, are as follows:

Exports	3,129	3,727	3,810	3,829	14,495
Imports	3,380	3,834	3,639	4,082	14,935

* This table corresponds to Table 10 of the previously published estimates.

TABLES ADJUSTED FOR SEASONAL VARIATION AND AT ANNUAL RATES

Al.* National Income and Gross National Product, by Quarters, 1968 and 1969 Seasonally Adjusted at Annual Rates

	1968				1969					
	I	II	III	IV	Year	I	II	III	IV	Year
	(millions of dollars)									
1. Wages, salaries, and supplementary labour income	36,920	38,076	38,828	40,148	38,493	41,396	42,584			
2. Military pay and allowances .	844	808	900	888	860	832	860			
3. Corporation profits before taxes	6,744	7,164	7,548	8,312	7,442	8,284	8,312			
4. Deduct: Dividends paid to non-residents(1)	- 836	- 980	- 940	- 748	- 876	- 868	- 856			
5. Interest, and miscellaneous investment income	2,460	2,536	2,600	2,724	2,580	2,952	2,932			
6. Accrued net income of farm operators from farm production(2)	1,492	1,304	1,496	1,592	1,471	1,544	1,600			
7. Net income of non-farm unincorporated business including rents(3)	4,040	4,188	4,288	4,356	4,218	4,316	4,236			
8. Inventory valuation adjustment (4).....	- 296	- 184	- 296	- 492	- 317	- 596	- 780			
9. NET NATIONAL INCOME AT FACTOR COST	51,368	52,912	54,424	56,780	53,871	57,860	58,888			
10. Indirect taxes less subsidies	9,520	9,488	9,628	10,072	9,677	10,500	10,492			
11. Capital consumption allowances and miscellaneous valuation adjustments	8,444	8,420	8,484	8,448	8,449	8,840	8,548			
12. Residual error of estimate ..	- 252	- 528	- 616	- 776	- 543	- 624	- 652			
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	69,080	70,292	71,920	74,524	71,454	76,576	77,276			
14. (Gross national product at market prices excluding accrued net income of farm operators)	(67,588)	(68,988)	(70,424)	(72,932)	(69,983)	(75,032)	(75,676)			

(1) Includes the withholding tax applicable to this item.

(2) Includes an arbitrary smoothing of crop production and standard seasonal adjustments for withdrawals of grain from farm stocks and the change in livestock items. Because of the arbitrary elements, too precise an interpretation should not be given the seasonally adjusted figures of accrued net income of farm operators.

(3) Includes net income of independent professional practitioners.

(4) See footnote 1 Table B.

* This table corresponds to Table 11 of the previously published estimates.

B1.* Gross National Expenditure, by Quarters, 1968 and 1969 Seasonally Adjusted at Annual Rates

	1968				Year	1969			
	I	II	III	IV		I	II	III	IV	Year
						(millions of dollars)			
1. Personal expenditure on consumer goods and services ...	41,300	41,576	42,832	43,732	42,360	45,068	45,976		
2. Government current expenditure on goods and services ...	11,716	11,732	12,020	12,844	12,078	13,392	13,620		
3. Gross fixed capital formation	15,812	15,848	16,104	16,376	16,035	16,788	17,388		
4. Government	3,092	3,280	3,268	3,176	3,204	3,088	3,296		
5. Residential construction	16	12	12	8	12	16	12		
6. Non-residential construction	2,732	2,916	2,904	2,836	2,847	2,740	2,896		
7. Machinery and equipment	344	352	352	332	345	332	388		
8. Business	12,720	12,568	12,836	13,200	12,831	13,700	14,092		
9. Residential construction	3,012	3,292	3,312	3,560	3,294	3,892	4,132		
10. Non-residential construction	4,432	4,420	4,468	4,632	4,488	4,580	4,616		
11. Machinery and equipment	5,276	4,856	5,056	5,008	5,049	5,228	5,344		
12. Value of physical change in inventories	524	400	768	1,272	741	1,376	720		
13. Government	4	24	48	40	29	- 4	12		
Business:									
14. Non-farm	284	392	672	544	473	1,004	- 92		
15. Farm and grain in commercial channels (1)	236	- 16	48	688	239	376	800		
16. Exports of goods and services(2)	16,116	16,692	16,592	17,368	16,692	18,340	17,944		
17. Deduct: Imports of goods and services(2)	- 16,644	- 16,484	- 17,012	- 17,844	- 16,996	- 19,016	- 19,024		
18. Residual error of estimate	256	528	616	776	544	628	652		
19. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	69,080	70,292	71,920	74,524	71,454	76,576	77,276		

(1) In the seasonally adjusted series, the value of grain production in each quarter is taken as one-fourth of the estimated value of crop production for the year as a whole. All other items in the farm inventories series are seasonally adjusted by standard techniques.

(2) Revised figures not incorporated into the Accounts as shown in the "Quarterly Estimates of the Canadian Balance of Payments, Second quarter 1969" DBS 67-001, are as follows:

Exports	16,128	16,648	16,576	17,476	16,707
Imports	16,580	16,360	16,968	17,896	16,951

* This table corresponds to Table 12 of the previously published estimates.

Cl.* Gross National Expenditure in Constant (1961) Dollars, by Quarters, 1968 and 1969 (1)
Seasonally Adjusted at Annual Rates

	1968				1969					
	I	II	III	IV	Year	I	II	III	IV	Year
	(millions of dollars)									
1. Personal expenditure on consumer goods and services	35,372	35,332	36,168	36,540	35,853	37,348	37,600			
2. Government current expenditure on goods and services	8,420	8,400	8,300	8,732	8,463	9,128	9,128			
3. Gross fixed capital formation	13,196	12,984	13,112	13,368	13,165	13,372	13,612			
4. Government	2,492	2,560	2,548	2,596	2,549	2,360	2,540			
5. Residential construction ..	16	8	8	4	9	8	4			
6. Non-residential construction	2,152	2,216	2,224	2,292	2,221	2,044	2,184			
7. Machinery and equipment ...	324	336	316	300	319	308	352			
8. Business	10,704	10,424	10,564	10,772	10,616	11,012	11,072			
9. Residential construction ..	2,348	2,524	2,504	2,660	2,509	2,812	2,920			
10. Non-residential construction	3,688	3,620	3,640	3,732	3,670	3,628	3,552			
11. Machinery and equipment ...	4,668	4,280	4,420	4,380	4,437	4,572	4,600			
12. Value of physical change in inventories	360	356	700	1,028	611	1,256	960			
13. Government	4	20	44	24	23	- 4	8			
Business :										
14. Non-farm	268	424	624	608	481	964	- 52			
15. Farm and grain in commercial channels	88	- 88	32	396	107	296	1,004			
16. Exports of goods and services(2)	14,016	14,472	14,396	15,056	14,485	15,708	15,212			
17. Deduct: Imports of goods and services(2)	- 14,744	- 14,552	- 15,004	- 15,612	- 14,978	- 16,492	- 16,320			
18. Residual error of estimate ...	212	432	500	624	442	500	512			
19. GROSS NATIONAL EXPENDITURE IN CONSTANT (1961) DOLLARS	56,832	57,424	58,172	59,736	58,041	60,820	60,704			

(1) The implicit price deflators of the seasonally unadjusted components of Gross National Expenditure, derived by dividing the value figures in current dollars by the constant dollar figures, are not suitable as indicators of quarter-to-quarter price change. This is because they are currently weighted and therefore are affected by compositional shifts which occur within the unadjusted components of Gross National Expenditure, on a quarter-to-quarter basis. Quarter-to-quarter comparisons based on seasonally adjusted data are less subject to the problem of shifting weights and may be used as a measure of price change.

(2) Revised figures not incorporated into the Accounts as shown in the "Quarterly Estimates of the Canadian Balance of Payments,

Second quarter 1969" DBS 67-001, are as follows:

Exports	14,024	14,436	14,376	15,144	14,495
Imports	14,684	14,440	14,960	15,656	14,935

* This table corresponds to Table 20 of the previously published estimates.

CATALOGUE No.

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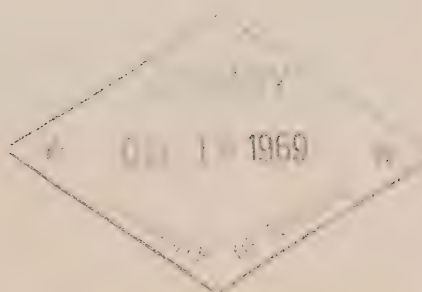
QUARTERLY



SYSTEM OF NATIONAL ACCOUNTS

NATIONAL INCOME AND EXPENDITURE ACCOUNTS

THIRD QUARTER 1969



DOMINION BUREAU OF STATISTICS

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National Income and Expenditure Division

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NATIONAL INCOME AND
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<u>Catalogue number</u>	<u>Title</u>	<u>Price</u>
13-519	"National Accounts, Income and Expenditure, by Quarters, 1947-61", for the years 1947-58	1.50
13-001	"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1963", for the year 195950
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13-001	"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1968", for the years 1965-196750
13-001	"National Accounts, Income and Expenditure, First Quarter 1969", for four quarters 1968 and first quarter 196975

NOTE

Data on the first three quarters of 1969, consistent with previously published estimates are available on request from the National Income and Expenditure Division.

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INTRODUCTION

Beginning with this quarter, the report on the quarterly National Income and Expenditure Accounts is being released on a new accelerated time schedule which represents the culmination of a year-long program designed to speed up the basic data flow and assembly. As a result, the quarterly accounts are being released more than a month earlier than before. To make this possible, some changes in the normal quarterly procedures for producing the estimates were required. In a number of cases this meant that surveys were "cut-off" earlier than usual; at the same time, attempts were made to promote earlier response. In other cases, where data were not yet available, estimates were produced using related information.

It must be emphasized that because of the changes in procedure, the estimates are now based on less complete information and may, therefore, be subject to larger revisions than formerly. In spite of this, the Dominion Bureau of Statistics, in response to widespread demand by users of this information, has decided to proceed with publishing the Accounts in their present form.

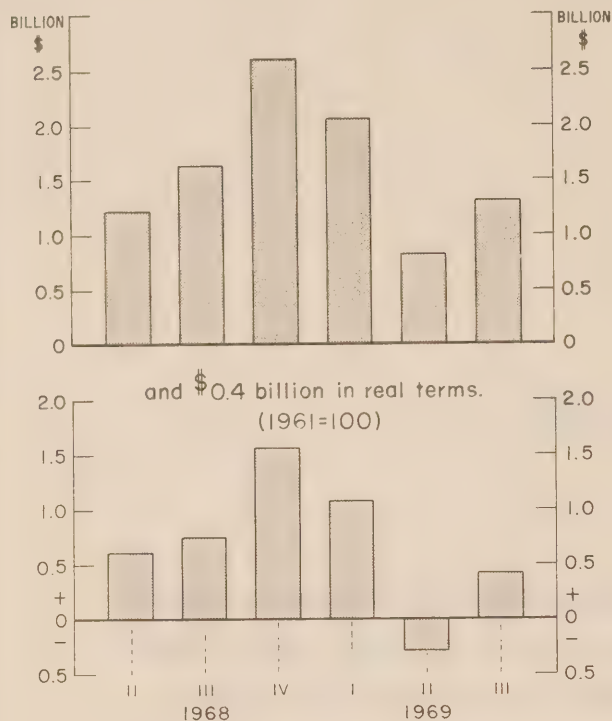
NOTE

D.B.S. recently released the summary results of a complete and comprehensive revision of the National Income and Expenditure Accounts. This revision was carried out at the annual level only; a revision of quarterly estimates is now underway and will not be available for some time. During the interim period, 1968 quarterly data previously published have been restructured into the new framework of the accounts and then adjusted arithmetically to the new annual totals; these revised estimates have been linked forward for the first three quarters of 1969. In this publication, data are given for the income and expenditure tables only and for G.N.E. in constant (1961) dollars; a full set of tables will be prepared at the time of the fourth quarter. In the meantime, data for all tables on an unrevised basis are available on request from the National Income and Expenditure Division.

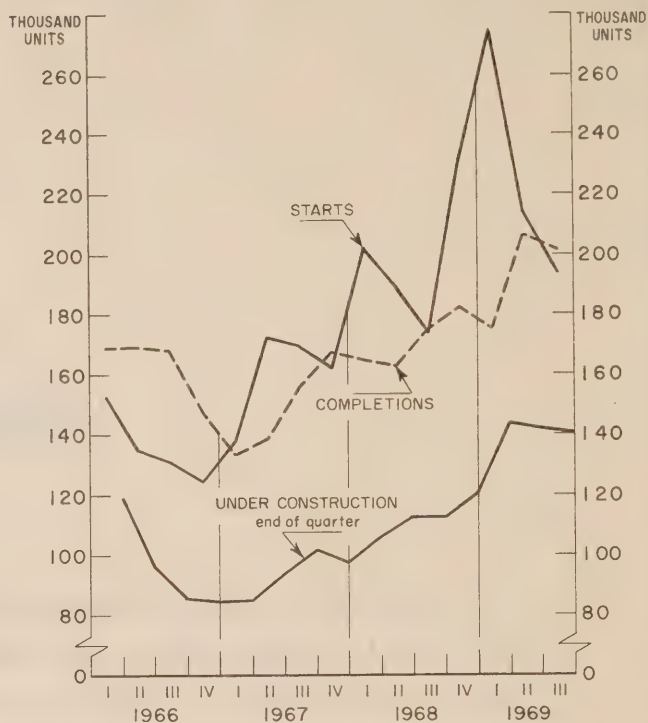
TECHNICAL NOTE

The Balance of Payments and Financial Flows Division revised data for 1967 and 1968 in the second quarter of 1969. The revised figures are shown in "Quarter Estimates of the Canadian Balance of International Payments, Second Quarter 1969", DBS 67-001. These revisions have not been incorporated in the national accounts. The revised balance of payments figures for 1968 on a national accounts basis are shown in footnotes to Tables B., C., B1.* and C1.*

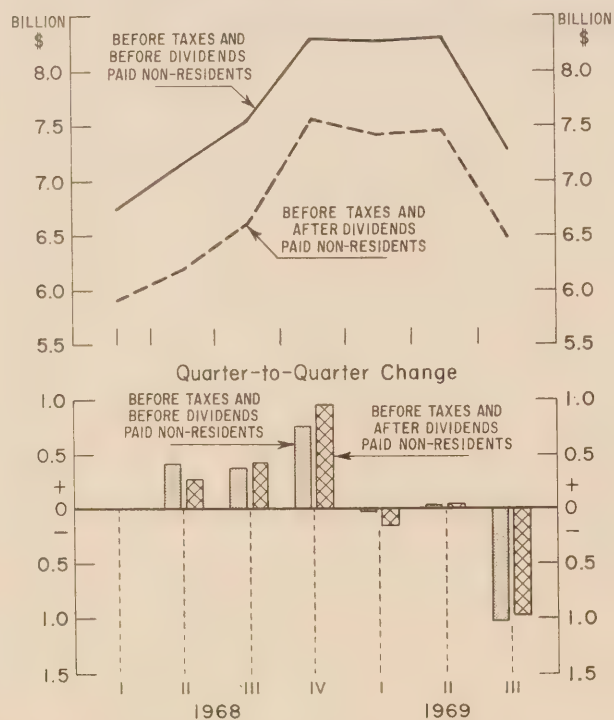
G.N.P. in the third quarter rose \$1.3 billion in current prices



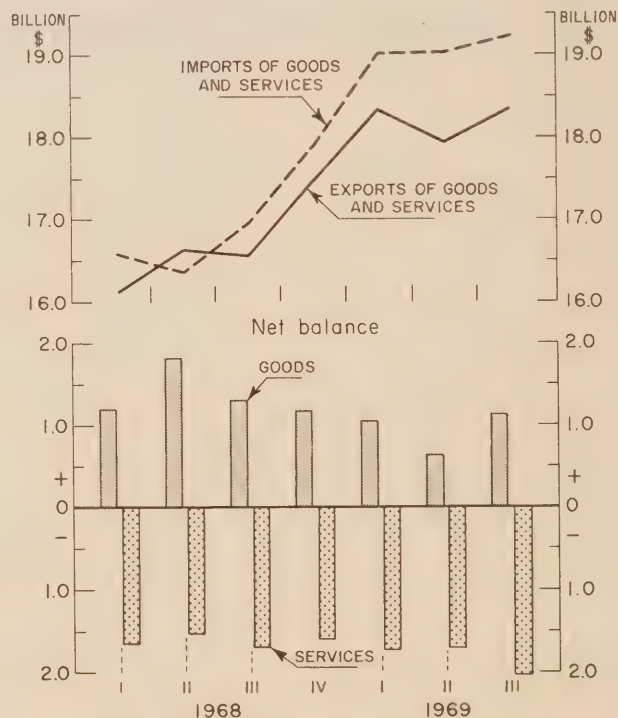
Investment in new housing dropped 1.4 per cent in the third quarter reflecting a fall in starts, completions, and units under construction.



Corporation profits dropped almost 12½ per cent in the third quarter.



A larger surplus in the merchandise account more than offset a larger deficit in non-merchandise, and narrowed the deficit in goods and services transactions with non-residents.



ALL DATA SEASONALLY ADJUSTED, AT ANNUAL RATES.

INTRODUCTORY REVIEW - THIRD QUARTER 1969

In the summer quarter of 1969, Gross National Product rose by 1.7 per cent to reach a level of \$78.7 billion, seasonally adjusted at annual rates. This was above the advance of 1.1 per cent in the second quarter but lower than the average gain of 2.2 per cent realized since the first quarter of 1968. After allowing for a price increase of 1.0 per cent, constant dollar GNP rose by 0.7 per cent.^{1/}

The third quarter was characterized by strong investment demand by businesses, increased exports, and a lower than average rate of increase in consumer demand. Although new residential construction declined after unusually high rates of increase in the first half of the year, spending on plant and equipment rose by 5 per cent. This increase, the largest since the first quarter of 1968, was fairly evenly distributed between non-residential construction, up 4 per cent, and machinery and equipment, up 5-1/2 per cent. Personal expenditure on goods and services rose by 1-1/2 per cent, the same rate as last quarter. This compares with increases of 2 per cent and over in prior quarters. The continued easing of demand pressure in consumer markets occurred despite an 8 per cent rise in new car sales, reflecting the earlier introduction of new models this year.

The 2 per cent increase in external demand was due to higher sales on merchandise account, which rose by 3-1/2 per cent and were centered in motor vehicles and parts and in newsprint. Imports of goods and services rose 1 per cent. As a net result of these transactions, the deficit, on a National Accounts basis narrowed from \$1,080 million to \$884 million.

Governments continued to exert a moderating influence on demand with a 2 per cent increase in current expenditure on goods and services and a 4 per cent drop in capital formation. The increase in goods and services was entirely accounted for by a retroactive pay raise in the Federal Government of approximately \$240 million at annual rates.

Looked at from the point of view of income flows, the summer quarter also showed uneven developments. The major component, wages and salaries, rose by 2-1/2 per cent. If the non-recurring retroactive payments to Federal Government employees are excluded, the gain is reduced to 2 per cent, indicating a marked deceleration from the gains of 3 per cent and over in the preceding three quarters. However, the most notable development on the income side was a drop of 12-1/2 per cent in corporation profits. This decline was in part attributable to the large number of industrial disputes which were again a feature of the quarter. (Compared with the third quarter of 1968, corporation profits showed a drop of 2 per cent.) Other income components showed mixed movements but in the aggregate rose appreciably.

Price Movements

In the third quarter, the implicit price index of gross national expenditure rose by 1.0 per cent, a lower rate of increase than in the previous quarter. A slight decline in the price of exports and lower rates of increases in the prices of most other components accounted for this movement. The only exception to this was the price index of government expenditure on goods and services which rose by 3.5 per cent largely because of the retroactive payments to Federal Government employees.

^{1/} Real Domestic Product at factor cost by industry of origin, an alternative but conceptually somewhat different measure of economic production, shows no change in real terms for the third quarter. Among the conceptual differences between the two series are market price valuation versus factor cost and the use of national versus domestic boundaries. At times there may also be statistical differences in the timing and the weight of the impact of temporary dislocations in the economy, such as strikes, and in the transitional use of different weight-base periods.

Selected Implicit Price Indexes - Seasonally Adjusted
Percentage Change from the Previous Quarter

	1 9 6 8			1 9 6 9		
	2Q	3Q	4Q	1Q	2Q	3Q
Personal expenditure on consumer goods and services	0.8	0.6	1.1	0.8	1.2	0.7
Business gross fixed capital formation	1.5	0.7	0.8	1.6	2.3	1.4
Residential construction	1.6	1.5	1.1	3.4	2.2	0.3
Non-residential construction	1.6	0.5	1.1	1.7	2.8	2.9
Machinery and equipment	0.4	0.8	-0.1	-	1.7	1.4
Exports of goods and services	0.3	-	0.1	1.0	1.2	-0.3
Gross National Expenditure	0.7	1.0	1.0	1.0	1.5	1.0

Within personal expenditure on consumer goods and services, the slow-down in prices was widespread. Food prices which rose 1.9 per cent in the preceding quarter increased by 0.7 per cent; increases in the prices of fresh fruits and vegetables, poultry, pork, other meat and dairy products were partially offset by declines in those of beef, eggs and bakery products. Among other non-durable goods, prices of fuel, women's and children's clothing and tobacco products rose by 1.5, 1.4 and 1.3 per cents respectively; those of electricity, domestic gas and alcoholic beverages remained unchanged.

Prices of durable goods increased marginally by 0.1 per cent as against 0.3 per cent in the second quarter. Increases were registered in the prices of home furnishings and miscellaneous durables. The price indexes of new automobiles and household appliances and radios declined.

The rise of 1.2 per cent in services, although the strongest among the components of consumer expenditure, was lower than the 1.6 per cent increase of the second quarter. Advances were recorded in recreation, rents and personal services. Purchased transportation price index declined after a sharp increase in the previous quarter, while communication remained unchanged.

Within business gross fixed capital formation, the softening of the price index of residential construction was primarily the result of a decline in the price index of lumber products, while in non-residential construction the advance in price was mainly attributable to increases in wage rates.

The fall in export price index was due not only to pure price changes but also to a pronounced shift in weight. The relative importance of motor vehicle exports increased sharply from about 16 per cent in the second to 25 per cent in the third quarter. Export prices as measured by fixed-weight index advanced 0.5 per cent.

The Components of Demand

Personal Expenditure on Consumer Goods and Services

Personal expenditure on goods and services reached a level of \$46.5 billion, an increase of 1-1/2 per cent from the previous quarter.

After having shown two consecutive decreases, passenger car sales increased by nearly 8 per cent. The increase was concentrated in new North American passenger cars which rose by over 8 per cent reflecting the early introduction of new models. New overseas cars as well as used cars also contributed to the overall increase. Purchased transportation, fuel, electricity and gas; shelter and alcoholic beverages also showed increase. Expenditure on clothing and footwear declined by 5 per cent, the first decline since the second quarter of 1968. Men's and boy's clothing showed the greatest decline; over 7 per cent.

Gross Fixed Capital Formation

Spending on gross fixed capital formation rose 2 per cent in the third quarter, reaching an annual adjusted rate of \$17.9 billion. While government capital spending dropped by 4 per cent to a level of \$3.1 billion, business spending advanced 3-1/2 per cent to a level of \$14.8 billion.

Business residential investment declined about 1-1/2 per cent to an annual rate of \$4.2 billion, while new plant and equipment investment climbed about 5 per cent to a level of \$10.6 billion.

The slackening in current residential investment follows the drop in housing starts observed this year. From a record first quarter seasonally adjusted annual rate of 275 thousand units, starts fell to 214 thousand and then to 194 thousand units in the next two quarters. Completions dropped from 206 thousand in the second quarter to 201 thousand in the third. Units under construction at the end of September totalled 140 thousand, down from a rate of 142 thousand at the end of June.

The expansion in business non-residential construction was concentrated in building rather than in engineering construction. The high level of non-farm machinery and equipment investment was largely met from foreign sources. Demand for agricultural machinery and equipment continued to be weak.

Non-Farm Business Inventories

Stocks of non-farm business inventories in the third quarter of 1969 showed an investment of \$120 million, seasonally adjusted at annual rates. The accumulation of stocks of manufacturers and retailers was to a great extent offset by a liquidation in the stocks of wholesale dealers and "others".

Value of Physical Change in Non-Farm Business Inventories (Seasonally Adjusted at Annual Rates)

	2Q	1969 3Q
	(millions of dollars)	
Manufacturing	-36	332
Durables	208	156
Non-durables	-244	176
Wholesale	28	-92
Retail	168	44
"Other"	-152	-164
Grand Total	8	120

In manufacturing, at the total level, the build-up was almost equally distributed between durable and non-durable goods producing industries. While the rate of accumulation in durables dropped from the previous quarter, stocks of manufacturers of non-durable goods shifted from a substantial liquidation in the second quarter to a sizeable accumulation in the third. Additions to stocks took place at all stages of production, the highest being in the stocks of finished products.

In the distribution trades, stocks of wholesale dealers were reduced in the present quarter. The major part of this liquidation took place in durable lines. Stocks of retail trade showed a moderate accumulation as a result of strong counter balancing movements. Within durable lines, an accelerated rate of increase in the stocks of motor vehicle dealers, was somewhat offset by a liquidation in the stocks of other durable goods. Stocks of all the non-durable goods, with the exception of food, decreased.

Exports and Imports of Goods and Services

With exports of goods and services higher by \$400 million, and imports by \$204 million, the balance on current account, on a National Accounts basis, narrowed from a deficit of \$1,080 million at annual rates to a deficit of \$884 million. The merchandise surplus increased from \$624 to \$1,136 million, while the non-merchandise deficit widened from \$1,704 to \$2,020 million.

Merchandise exports rose over 3-1/2 per cent from the second quarter level with sharply increased sales of motor vehicles and parts, and newsprint. Merchandise imports were virtually unchanged.

The higher deficit on non-merchandise trade resulted from increased payments on tourist and travel transactions, and lower interest and dividend receipts.

Transactions with Non-Residents Seasonally Adjusted at Annual Rates (National Accounts Basis)

	1Q	1969 2Q	3Q
(millions of dollars)			
<u>Exports</u>	18,340	17,944	18,344
Merchandise	14,992	14,444	14,976
Services (1)	3,348	3,500	3,368
<u>Imports</u>	19,016	19,024	19,228
Merchandise	13,936	13,820	13,840
Services (2)	5,080	5,204	5,388
<u>Balance</u>			
Total	-676	-1,080	-884
Merchandise	1,056	624	1,136
Services	-1,732	-1,704	-2,020

(1) Excludes inheritances and immigrants' funds, personal and institutional remittances.

(2) Includes withholding tax. Excludes inheritances and emigrants' funds, personal and institutional remittances, official contributions, and pension payments.

The Components of Income

Labour Income

During the third quarter, labour income increased by over 2-1/2 per cent. This was slightly less than the gains recorded during the last three quarters. Wages and salaries in the service-producing industries advanced by about 3-1/2 per cent while those in the goods-producing industries, which were seriously affected by labour disputes, increased by just over 1 per cent. Among the goods-producing industries, construction increased by almost 5 per cent mainly because of the impact of labour disputes on the second quarter. Manufacturing increased by almost 1 per cent despite major strikes in August and September. Mining was also seriously affected by strikes and declined by almost 5 per cent.

Among the service-producing industries, wages and salaries advanced by over 8 per cent in public administration, mostly as a result of retroactive payments to Federal Government employees. There were increases of about 4 per cent in service, 3 per cent in transportation, storage and communication, 2 per cent in finance, insurance and real estate, and 1-1/2 per cent in trade.

Corporation Profits

After advancing steadily during 1967 and 1968 and levelling off in the first half of the year, corporation profits declined by 12-1/2 per cent in the third quarter. A year-to-year comparison shows a drop of 2 per cent from the third quarter of 1968. Industrial disputes, mainly in the mining and primary metals industries, rising costs and a slackening of sales revenues were major factors in the third quarter decline. (Due to the speed-up in the release of the quarterly accounts, industrial detail on corporation profits is not available.)

Accrued Net Income of Farm Operators

Accrued net income of farm operators from farm production declined by almost 6 per cent in the third quarter from the second quarter rate. The decrease was due mainly to a drop in the value of livestock production which was partially offset by an increase in cash income from the sale of other farm products, notably dairy products and vegetables.

Net Income of Non-Farm Unincorporated Business

Net income of non-farm unincorporated business rose by 2-1/2 per cent in the third quarter. The largest increase occurred in net income from retail trade with smaller and generally offsetting movements in the other industry groups.

Real Domestic Product ^{1/}

Real Domestic Product remained unchanged in the third quarter, as a drop in the strike-affected goods-producing industries offset an increase in the service-producing industries.

In the goods-producing industries, half of the drop was accounted for by mining and was related to strikes, especially in nickel. Within mining, there was a large increase in crude petroleum and natural gas. There was a decrease in manufacturing centered in durables, where sharp declines in iron and steel - also strike-affected - more than offset an increase in motor vehicles. Agriculture recorded a decrease.

The most notable gain in the service-producing industries was registered in trade, both wholesale and retail. Much of the gain in retail trade was due to a large increase in the sales of motor vehicle dealers. Substantial increases were also shown in the community, business and personal services and in the finance, insurance and real estate and transportation, storage and communication industries.

^{1/} For further information, see Index of Industrial Production, (DBS 61-005).

NATIONAL INCOME
AND
EXPENDITURE ACCOUNTS

SUMMARY TABLES

The tables in this section contain estimates consistent with the level of the historically revised annual estimates published in August 1969.

TABLES UNADJUSTED FOR SEASONAL VARIATION

A.* National Income and Gross National Product, by Quarters, 1968 and 1969

	1968				1969					
	I	II	III	IV	Year	I	II	III	IV	Year
					(millions of dollars)					
1. Wages, salaries, and supplementary labour income	8,959	9,530	9,971	10,033	38,493	10,032	10,679	11,222		
2. Military pay and allowances .	216	197	218	229	860	209	210	217		
3. Corporation profits before taxes	1,433	1,993	1,853	2,163	7,442	1,774	2,291	1,813		
4. Deduct: Dividends paid to non-residents (1)	- 198	- 196	- 201	- 281	- 876	- 195	- 170	- 173		
5. Interest, and miscellaneous investment income	622	603	650	705	2,580	746	707	744		
6. Accrued net income of farm operators from farm production	59	54	1,190	168	1,471	84	131	1,142		
7. Net income of non-farm incorporated business including rents (2)	882	1,037	1,061	1,238	4,218	937	1,058	1,086		
8. Inventory valuation adjustment (3)	- 86	- 56	- 41	- 134	- 317	- 168	- 204	- 48		
9. NET NATIONAL INCOME AT FACTOR COST	11,887	13,162	14,701	14,121	53,871	13,419	14,702	16,003		
10. Indirect taxes less subsidies	2,333	2,343	2,432	2,569	9,677	2,568	2,632	2,661		
11. Capital consumption allowances and miscellaneous valuation adjustments	2,057	2,205	2,074	2,113	8,449	2,158	2,244	2,192		
12. Residual error of estimate ..	- 345	- 247	197	- 148	- 543	- 398	- 304	209		
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	15,932	17,463	19,404	18,655	71,454	17,747	19,274	21,065		
14 (Gross national product at market prices excluding accrued net income of farm operators)	(15,873)	(17,409)	(18,214)	(18,487)	(69,983)	(17,663)	(19,143)	(19,923)		

(1) Includes the withholding tax applicable to this item.

(2) Includes net income of independent professional practitioners.

(3) See footnote 1 Table B.

* This table corresponds to Table 1 of the previously published estimates.

B.* Gross National Expenditure, by Quarters, 1968 and 1969

	1968				Year	(millions of dollars)	1969			
	I	II	III	IV			I	II	III	IV	Year
1. Personal expenditure on consumer goods and services ..	9,802	10,404	10,353	11,801	42,360		10,748	11,433		11,307
2. Government current expenditure on goods and services	2,994	2,857	3,034	3,193	12,078		3,401	3,285		3,474
3. Gross fixed capital formation	3,263	4,197	4,302	4,273	16,035		3,486	4,698		4,767
4. Government	437	858	1,085	824	3,204		425	860		1,048
5. Residential construction	4	3	3	2	12		4	3		3
6. Non-residential construction ..	347	782	987	731	2,847		341	776		953
7. Machinery and equipment	86	73	95	91	345		80	81		92
8. Business	2,826	3,339	3,217	3,449	12,831		3,061	3,838		3,719
9. Residential construction	639	831	870	954	3,294		825	1,102		1,108
10. Non-residential construction ..	887	1,105	1,206	1,290	4,488		929	1,179		1,338
11. Machinery and equipment	1,300	1,403	1,141	1,205	5,049		1,307	1,557		1,273
12. Value of physical change in inventories(1)	- 202	- 189	1,632	- 500	741		18	-64		1,648
13. Government	- 21	14	37	- 1	29		-25	11		34
14. Business:										
15. Non-farm	248	48	181	- 4	473		472	-74		113
16. Farm and grain in commercial channels	- 429	- 251	1,414	- 495	239		-429	-1		1,501
17. Exports of goods and services (2)	3,572	4,302	4,428	4,390	16,692		4,083	4,658		4,809
18. Deduct: Imports of goods and services(2)	- 3,843	- 4,355	- 4,149	- 4,649	- 16,996		-4,388	-5,040		-4,732
19. Residual error of estimate ..	346	247	- 196	147	544		399	304		- 208
20. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	15,932	17,463	19,404	18,655	71,454		17,747	19,274		21,065

(1) The book value of inventories is deflated to remove the effect of price changes and the derived "physical" change is then valued at average prices of the current period to obtain the value of physical change. The difference between this value of physical change and the change in book value is called the inventory valuation adjustment. (See line 8, Table A).

(2) Revised figures not incorporated into the Accounts as shown in the "Quarterly Estimates of the Canadian Balance of Payments, Second quarter 1969" DBS 67-001, are as follows:

Exports	3,586	4,290	4,443	4,388	16,707
Imports	3,829	4,348	4,149	4,625	16,951

* This table corresponds to Table 2 of the previously published estimates.

C.* Gross National Expenditure in Constant (1961) Dollars, by Quarters, 1968 and 1969(1)

	1968				1969					
	I	II	III	IV	Year	I	II	III	IV	Year
						(millions of dollars)				
1. Personal expenditure on consumer goods and services	8,424	8,840	8,699	9,890	35,853	8,928	9,360	9,147		
2. Government current expenditure on goods and services	2,137	2,021	2,166	2,139	8,463	2,316	2,147	2,226		
3. Gross fixed capital formation	2,695	3,448	3,518	3,504	13,165	2,756	3,700	3,690		
4. Government	318	676	868	687	2,549	295	681	813		
5. Residential construction ..	4	2	2	1	9	2	1	1		
6. Non-residential construction	234	605	779	603	2,221	219	606	728		
7. Machinery and equipment ...	80	69	87	83	319	74	74	84		
8. Business	2,377	2,772	2,650	2,817	10,616	2,461	3,019	2,877		
9. Residential construction ..	501	636	659	713	2,509	599	777	783		
10. Non-residential construction	733	903	988	1,046	3,670	728	903	1,009		
11. Machinery and equipment	1,143	1,233	1,003	1,058	4,437	1,134	1,339	1,085		
12. Value of physical change in inventories	- 101	- 167	1,181	- 302	611	124	-166	1,451		
13. Government	- 20	12	33	- 2	23	-24	9	30		
Business:										
14. Non-farm	232	88	101	60	481	449	-37	56		
15. Farm and grain in commercial channels	- 313	- 267	1,047	- 360	107	-301	-138	1,365		
16. Exports of goods and services(2)	3,117	3,737	3,799	3,832	14,485	3,513	3,943	4,021		
17. Deduct: Imports of goods and services(2)	- 3,393	- 3,842	- 3,639	- 4,104	- 14,978	-3,788	-4,315	-3,996		
18. Residual error of estimate ...	282	200	- 157	117	442	316	237	- 160		
19. GROSS NATIONAL EXPENDITURE IN CONSTANT (1961) DOLLARS	13,161	14,237	15,567	15,076	58,041	14,165	14,906	16,379		

(1) The implicit price deflators of the seasonally unadjusted components of Gross National Expenditure, derived by dividing the value figures in current dollars by the constant dollar figures, are not suitable as indicators of quarter-to-quarter price change. This is because they are currently weighted and therefore are affected by compositional shifts which occur within the unadjusted components of Gross National Expenditure, on a quarter-to-quarter basis. Quarter-to-quarter comparisons based on seasonally adjusted data are less subject to the problem of shifting weights and may be used as a measure of price change.

(2) Revised figures not incorporated into the Accounts as shown in the "Quarterly Estimates of the Canadian Balance of Payments, Second quarter 1969" DBS 67-001, are as follows:

Exports	3,129	3,727	3,810	3,829	14,495
Imports	3,380	3,834	3,639	4,082	14,935

* This table corresponds to Table 10 of the previously published estimates.

TABLES ADJUSTED FOR SEASONAL VARIATION AND AT ANNUAL RATES

A1.* National Income and Gross National Product, by Quarters, 1968 and 1969 Seasonally Adjusted at Annual Rates

	1968				1969			
	I	II	III	IV	Year	I	II	III
	(millions of dollars)							
	I	II	III	IV	Year	I	II	III
1. Wages, salaries, and supplementary labour income	36,920	38,076	38,828	40,148	38,493	41,464	42,652	43,772
2. Military pay and allowances	844	808	900	888	860	832	860	864
3. Corporation profits before taxes	6,744	7,164	7,548	8,312	7,442	8,284	8,312	7,284
4. Deduct: Dividends paid to non-residents(1)	- 836	- 980	- 940	- 748	- 876	- 868	- 856	- 804
5. Interest, and miscellaneous investment income	2,460	2,536	2,600	2,724	2,580	2,952	2,924	3,000
6. Accrued net income of farm operators from farm production(2)	1,492	1,304	1,496	1,592	1,471	1,544	1,596	1,504
7. Net income of non-farm unincorporated business including rents(3)	4,040	4,188	4,288	4,356	4,218	4,316	4,252	4,360
8. Inventory valuation adjustment (4)	- 296	- 184	- 296	- 492	- 317	- 596	- 760	- 360
9. NET NATIONAL INCOME AT FACTOR COST	51,368	52,912	54,424	56,780	53,871	57,928	58,980	59,620
10. Indirect taxes less subsidies	9,520	9,488	9,628	10,072	9,677	10,500	10,564	10,612
11. Capital consumption allowances and miscellaneous valuation adjustments	8,444	8,420	8,484	8,448	8,449	8,840	8,548	8,976
12. Residual error of estimate ..	- 252	- 528	- 616	- 776	- 543	- 660	- 660	-472
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	69,080	70,292	71,920	74,524	71,454	76,608	77,432	78,736
14. (Gross national product at market prices excluding accrued net income of farm operators)	(67,588)	(68,988)	(70,424)	(72,932)	(69,983)	(75,064)	(75,836)	(77,232)

(1) Includes the withholding tax applicable to this item.

(2) Includes an arbitrary smoothing of crop production and standard seasonal adjustments for withdrawals of grain from farm stocks and the change in livestock items. Because of the arbitrary elements, too precise an interpretation should not be given the seasonally adjusted figures of accrued net income of farm operators.

(3) Includes net income of independent professional practitioners.

(4) See footnote 1 Table B.

* This table corresponds to Table 11 of the previously published estimates.

B1.* Gross National Expenditure, by Quarters, 1968 and 1969 Seasonally Adjusted at Annual Rates

	1968				1969						
	I	II	III	IV	Year	(millions of dollars)	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services ...	41,300	41,576	42,832	43,732	42,360		45,068	45,772	46,460		
2. Government current expenditure on goods and services ...	11,716	11,732	12,020	12,844	12,078		13,392	13,696	13,980		
3. Gross fixed capital formation	15,812	15,848	16,104	16,376	16,035		16,788	17,552	17,888		
4. Government	3,092	3,280	3,268	3,176	3,204		3,088	3,248	3,116		
5. Residential construction	16	12	12	8	12		16	12	12		
6. Non-residential construction	2,732	2,916	2,904	2,836	2,847		2,740	2,852	2,768		
7. Machinery and equipment	344	352	352	332	345		332	384	336		
8. Business	12,720	12,568	12,836	13,200	12,831		13,700	14,304	14,772		
9. Residential construction	3,012	3,292	3,312	3,560	3,294		3,892	4,236	4,208		
10. Non-residential construction	4,432	4,420	4,468	4,632	4,488		4,580	4,712	4,912		
11. Machinery and equipment	5,276	4,856	5,056	5,008	5,049		5,228	5,356	5,652		
12. Value of physical change in inventories	524	400	768	1,272	741		1,376	828	820		
13. Government	4	24	48	40	29		- 4	12	32		
14. Business:											
Non-farm	284	392	672	544	473		1,004	-	112		
15. Farm and grain in commercial channels (1)	236	- 16	48	688	239		376	816	676		
16. Exports of goods and services(2)	16,116	16,692	16,592	17,368	16,692		18,340	17,944	18,344		
17. Deduct: Imports of goods and services(2)	- 16,644	- 16,484	- 17,012	- 17,844	- 16,996		- 19,016	- 19,024	- 19,228		
18. Residual error of estimate	256	528	616	776	544		660	664	472		
19. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	69,080	70,292	71,920	74,524	71,454		76,608	77,432	78,736		

(1) In the seasonally adjusted series, the value of grain production in each quarter is taken as one-fourth of the estimated value of crop production for the year as a whole. All other items in the farm inventories series are seasonally adjusted by standard techniques.

(2) Revised figures not incorporated into the Accounts as shown in the "Quarterly Estimates of the Canadian Balance of Payments, Second quarter 1969" DBS 67-001, are as follows:

Exports	16,128	16,648	16,576	17,476	16,707
Imports	16,580	16,360	16,968	17,896	16,951

* This table corresponds to Table 12 of the previously published estimates.

Cl.* Gross National Expenditure in Constant (1961) Dollars, by Quarters, 1968 and 1969 (1)
Seasonally Adjusted at Annual Rates

	1968					1969				
	I	II	III	IV	Year	I	II	III	IV	Year
						(millions of dollars)				
1. Personal expenditure on consumer goods and services	35,372	35,332	36,168	36,540	35,853	37,348	37,452	37,740		
2. Government current expenditure on goods and services	8,420	8,400	8,300	8,732	8,463	9,080	9,036	8,908		
3. Gross fixed capital formation	13,196	12,984	13,112	13,368	13,165	13,368	13,752	13,780		
4. Government	2,492	2,560	2,548	2,596	2,549	2,356	2,516	2,336		
5. Residential construction ..	16	8	8	4	9	8	4	4		
6. Non-residential construction	2,152	2,216	2,224	2,292	2,221	2,044	2,156	2,024		
7. Machinery and equipment ...	324	336	316	300	319	304	356	308		
8. Business	10,704	10,424	10,564	10,772	10,616	11,012	11,236	11,444		
9. Residential construction ..	2,348	2,524	2,504	2,660	2,509	2,812	2,996	2,968		
10. Non-residential construction	3,688	3,620	3,640	3,732	3,670	3,628	3,632	3,680		
11. Machinery and equipment ...	4,668	4,280	4,420	4,380	4,437	4,572	4,608	4,796		
12. Value of physical change in inventories	360	356	700	1,028	611	1,256	868	856		
13. Government	4	20	44	24	23	- 4	4	20		
Business :										
14. Non-farm	268	424	624	608	481	964	4	156		
15. Farm and grain in commercial channels	88	- 88	32	396	107	296	860	680		
16. Exports of goods and services(2)	14,016	14,472	14,396	15,056	14,485	15,728	15,212	15,600		
17. Deduct: Imports of goods and services(2)	- 14,744	- 14,552	- 15,004	- 15,612	- 14,978	- 16,492	- 16,320	- 16,316		
18. Residual error of estimate ...	212	432	500	624	442	524	520	364		
19. GROSS NATIONAL EXPENDITURE IN CONSTANT (1961) DOLLARS	56,832	57,424	58,172	59,736	58,041	60,812	60,520	60,932		

(1) The implicit price deflators of the seasonally unadjusted components of Gross National Expenditure, derived by dividing the value figures in current dollars by the constant dollar figures, are not suitable as indicators of quarter-to-quarter price change. This is because they are currently weighted and therefore are affected by compositional shifts which occur within the unadjusted components of Gross National Expenditure, on a quarter-to-quarter basis. Quarter-to-quarter comparisons based on seasonally adjusted data are less subject to the problem of shifting weights and may be used as a measure of price change.

(2) Revised figures not incorporated into the Accounts as shown in the "Quarterly Estimates of the Canadian Balance of Payments,

Second quarter 1969" DBS 67-001, are as follows:

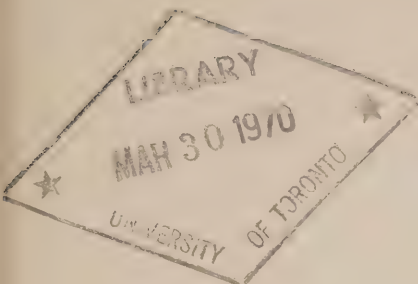
Exports	14,024	14,436	14,376	15,144	14,495
Imports	14,684	14,440	14,960	15,656	14,935

* This table corresponds to Table 20 of the previously published estimates.

CATALOGUE No.

13-001

QUARTERLY



SYSTEM OF NATIONAL ACCOUNTS

NATIONAL INCOME AND
EXPENDITURE ACCOUNTS

PRELIMINARY FOURTH QUARTER
AND ANNUAL

1969

DOMINION BUREAU OF STATISTICS

DOMINION BUREAU OF STATISTICS
National Income and Expenditure Division

SYSTEM OF NATIONAL ACCOUNTS

NATIONAL INCOME AND
EXPENDITURE ACCOUNTS

PRELIMINARY FOURTH QUARTER
AND ANNUAL
1969

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In order to obtain a complete historical record of the quarterly National Accounts, the following publications should be consulted:

<u>Catalogue number</u>	<u>Title</u>	<u>Price</u>
13-519	"National Accounts, Income and Expenditure, by Quarters, 1947-61", for the years 1947-58	1.50
13-001	"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1963", for the year 1959 .....	.50
13-001	"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1964", for the year 1960 .....	.50
13-001	"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1965", for the years 1961-63 .....	.50
13-001	"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1967", for the year 1964 .....	.50
13-001	"National Accounts, Income and Expenditure, Fourth Quarter and Preliminary Annual, 1968", for the years 1965-1967 .....	.50
13-001	"National Accounts, Income and Expenditure, First Quarter 1969", for four quarters 1968 and first quarter 1969 .....	.75

NOTE

Data for 1969, consistent with previously published quarterly estimates are available on request from the National Income and Expenditure Division.

Contents of this publication are published in French in "Revue Statistique Du Canada" D.B.S. 11-003F.

Remittances should be in the form of cheque or money order made payable to the Receiver General of Canada and forwarded to the Publications Distribution, Dominion Bureau of Statistics, Ottawa, or to the Queen's Printer, Hull, P.Q.

INTRODUCTION

Beginning in the third quarter 1969, the report on the quarterly National Income and Expenditure Accounts is released on a new accelerated time schedule which represents the culmination of a year-long program designed to speed up the basic data flow and assembly. As a result, the quarterly accounts are being released more than a month earlier than before. To make this possible, some changes in the normal quarterly procedures for producing the estimates were required. In a number of cases this meant that surveys were "cut-off" earlier than usual; at the same time, attempts were made to promote earlier response. In other cases, where data were not yet available, estimates were produced using related information.

It must be emphasized that because of the changes in procedure, the estimates are now based on less complete information and may, therefore, be subject to larger revisions than formerly. In spite of this, the Dominion Bureau of Statistics, in response to widespread demand by users of this information, has decided to proceed with publishing the Accounts in their present form.

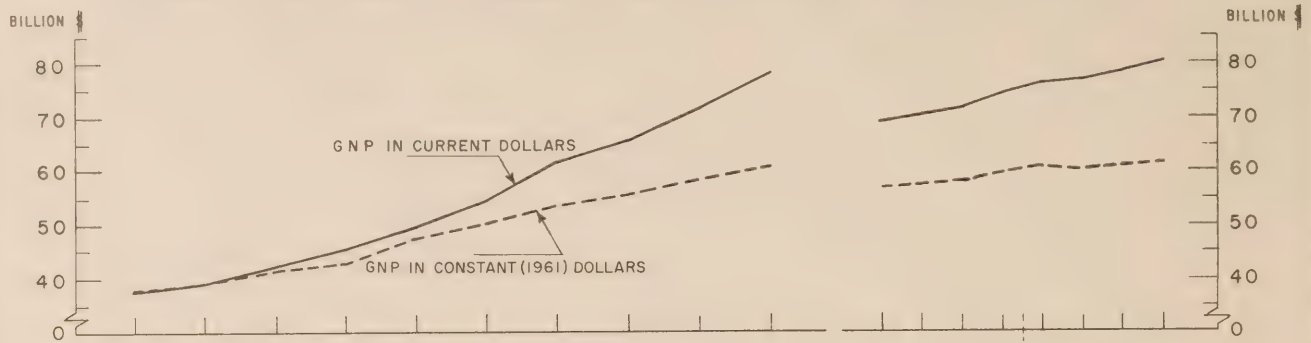
NOTE

D.B.S. recently released the summary results of a complete and comprehensive revision of the National Income and Expenditure Accounts. This revision was carried out at the annual level only; a revision of quarterly estimates is now underway and will not be available for some time. During the interim period, 1968 quarterly data previously published have been restructured into the new framework of the accounts and then adjusted arithmetically to the new annual totals; these revised estimates have been linked forward for the four quarters of 1969. In this publication, data are given for the income and expenditure tables only and for G.N.E. in constant (1961) dollars; a full set of tables will be prepared at the time of the final fourth quarter. In the meantime, data for all tables on an unrevised basis are available on request from the National Income and Expenditure Division.

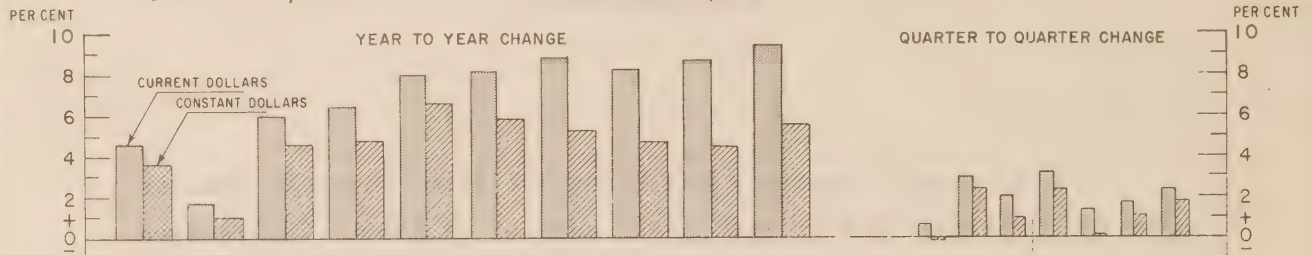
TECHNICAL NOTE

The Balance of Payments and Financial Flows Division revised data for 1967 and 1968 in the second quarter of 1969. The revised figures are shown in "Quarter Estimates of the Canadian Balance of International Payments, Second Quarter 1969", DBS 67-001. These revisions have not been incorporated in the national accounts. The revised balance of payments figures for 1968 on a national accounts basis are shown in footnotes to Tables B., C., B1.* and C1.*

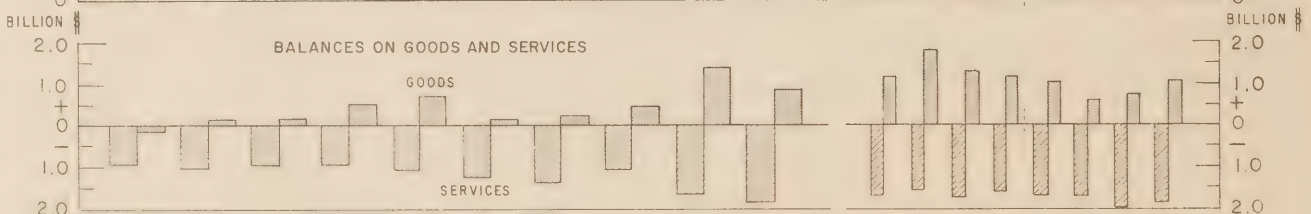
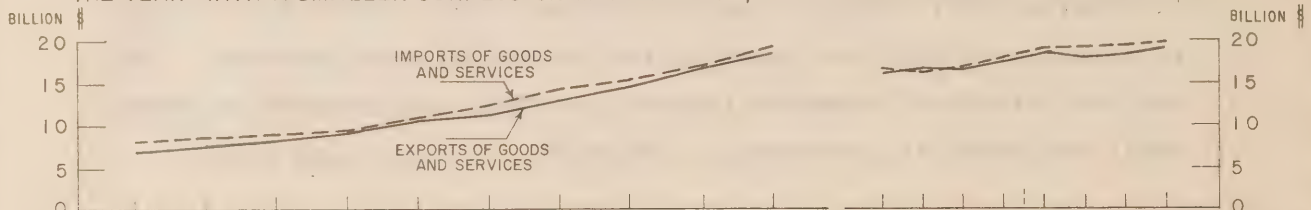
GNP ROSE 9.3 PER CENT IN CURRENT DOLLARS IN 1969, COMPARED WITH 8.5 PER CENT IN 1968. IN REAL TERMS, THE INCREASES WERE 4.8 PER CENT IN BOTH 1968 AND 1969.



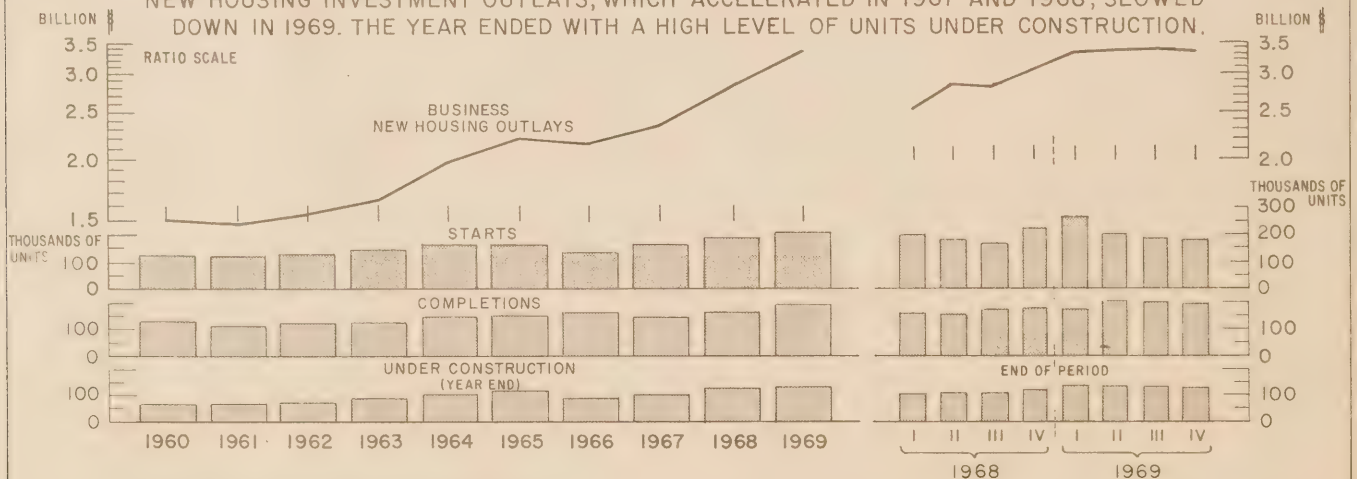
PERSONAL EXPENDITURE ROSE 9.4 PER CENT IN CURRENT DOLLARS, THE LARGEST GAIN SINCE 1960; AND 5.6 PER CENT IN REAL TERMS, THE THIRD LARGEST GAIN SINCE 1960.



THE DEFICIT ON GOODS AND SERVICES TRANSACTIONS WITH NON-RESIDENTS WIDENED FOR THE YEAR—WITH A SMALLER SURPLUS ON MERCHANDISE, AND A LARGER DEFICIT ON SERVICES.



HOUSE BUILDING SET A NEW RECORD IN 1969 WITH STARTS TOTALLING 210,415 UNITS. NEW HOUSING INVESTMENT OUTLAYS, WHICH ACCELERATED IN 1967 AND 1968, SLOWED DOWN IN 1969. THE YEAR ENDED WITH A HIGH LEVEL OF UNITS UNDER CONSTRUCTION.



ALL DATA SEASONALLY ADJUSTED, AT ANNUAL RATES.

ANNUAL REVIEW 1969

The Canadian economy maintained its momentum through 1969. The value of goods and services produced rose by 9.3 per cent to reach a level of \$78.1 billion. This expansion, which compares with an 8.9 per cent increase in the previous year, occurred despite the imposition of restrictive fiscal and monetary measures and despite numerous labour disputes which were reflected in a record number of man-hours lost. The implicit price deflator for GNP rose 4.2 per cent, slightly more than the high increase of 4.0 per cent in 1968. In real terms, gross national product rose by 4.8 per cent, the same rate as in 1968.

Widespread buoyancy of demand in the first quarter gave a strong initial impetus to the economy. Although this was followed by a pause in the second quarter, when the value of production rose only marginally, good advances were again shown in the summer and fall quarters. A glance at the pattern of growth in the last five quarters would tend to indicate some lessening in demand pressure, especially in the second quarter, as quarterly gains became smaller during the period. For the year as a whole, two key developments were an acceleration in the rate of consumer spending, and renewed high rates of business investment in plant and equipment after two years of declines. As the economy performed vigorously, employment grew by 3.2 per cent, while the labour force increased by 3.1 per cent. As a result, the unemployment rate for the year declined from the 1968 level of 4.8 per cent to 4.7 per cent.

Personal expenditure on consumer goods and services rose by $9\frac{1}{2}$ per cent compared with $8\frac{1}{2}$ per cent in 1968. This was the largest percentage increase shown in the current expansion. Much of the increased expenditure reflected price movements rather than real gains, but the constant dollar estimates also showed a sizeable rise of $5\frac{1}{2}$ per cent - the largest since 1965. Thus consumer spending in 1969 was more than maintained in the face of sharply increasing income taxes, up over 20 per cent and historically high interest rates. This last factor may, however, have affected spending on automobiles, which with a 4 per cent rise was one of the few major items to show a substantially smaller rate of increase than in 1968, when it rose by 10 per cent.

After the very high rates of investment of 15 to 20 per cent that prevailed in the mid-sixties, business gross fixed capital formation registered a small decline in 1967 and a moderate 3 per cent increase in 1968. In 1969 it rose by 9 per cent. Business residential construction made a further impressive gain ($16\frac{1}{2}$ per cent versus $17\frac{1}{2}$ per cent in 1968) and accounted for nearly half of the increase in the total. The upswing in activity in residential construction starting in the spring of 1967 and accelerating through 1968 slowed down this year as credit tightness in mortgage markets contributed to a sharp drop in the number of starts in the spring. The acceleration in the rate of business gross fixed capital formation was due to the marked pick-up in business investment in plant and equipment, which rose by 7 per cent compared with declines of $1\frac{1}{2}$ per cent in 1968 and one-half of one per cent in 1967. In the case of non-residential construction, the increase of 5 per cent was considerably smaller than that indicated by the mid-year forecast of business intentions of close to 15 per cent and in fact non-residential construction declined in real terms by 3 per cent.

Canada's balance of transactions in goods and services deteriorated in 1969 from a deficit of \$244 million to one of \$938 million, as the rate of increase of imports accelerated while exports slowed somewhat. Although the rise in imports was very broadly based, automotive products and capital goods accounted for about half of the increase in the merchandise account. Highlighting the increase in service imports was an exceptionally large rise of 27 per cent in Canadian tourist and travel expenditures abroad, as both Canadians returning directly from overseas and those travelling to the U.S.A. increased their spending by 35 and 24 per cent respectively. The rise in exports, which was entirely oriented to U.S.A. markets, consisted very largely of automotive products, in line with the continuing rationalization of that industry resulting from the Canada-U.S.A. automotive trade agreement. Other exports rose only moderately.

On the income side, wages and salaries rose by 12 per cent; only the boom year 1966 showed a larger gain in the current expansion. Most of the increase was due to higher rates of pay. Within the year, however, there was a deceleration in the quarterly rate of increases in labour income, from a $3\frac{1}{2}$ per cent increase in the last quarter of 1968 to one of less than 2 per cent in the closing quarter of 1969. Corporation profits for the year 1969 rose by 7 per cent. In the quarterly movement, however, profits declined in all except the second quarter, when they posted a marginal gain.

The slow performance of profits is in part due to the large number of strikes this year, but cost pressures combined with smaller productivity gains - as indicated by preliminary estimates - were probably additional factors. Among other income components, the major movement was the 18 per cent increase in interest and miscellaneous investment income.

Price Movements

Aggregate price change as measured by the implicit price index of gross national expenditure rose by 4.2 per cent in 1969 compared to 4.0 per cent in 1968. Within the year, the highest price increase occurred in the second quarter, up 1.8 per cent.

All major components except personal expenditure on consumer goods and services showed higher rates of increase. The decline in the rate of price increase of personal expenditure coupled with the increase in the price index of imports (which is a negative item) dampened the total price increase. The following table shows the year-to-year percentage changes in the implicit price indexes of the major components of gross national expenditure.

In personal expenditure, lower rates of price increases are noticed in durable and non-durable goods with a higher increase in service prices. Home furnishings, furniture and new cars contributed to the slowdown in prices of durable goods. Within the non-durables group, there were off-

Implicit Price Indexes

Percentage Change from the Previous Year

	1962	1963	1964	1965	1966	1967	1968	1969
Personal expenditure on consumer goods and services	1.4	1.6	1.3	2.1	3.3	3.4	3.9	3.7
Government current expenditure on goods and services	2.6	3.6	3.6	5.9	6.6	8.1	6.2	7.5
Gross fixed capital formation	1.5	2.6	2.9	4.9	4.9	0.4	3.0	5.0
Government	1.8	4.0	2.5	6.7	5.5	-0.6	3.4	2.2
Non-residential construction	2.0	4.2	2.8	7.4	6.4	-0.8	3.5	2.2
Machinery and equipment	0.5	2.3	1.0	1.7	1.4	-0.4	1.4	1.9
Business	1.4	2.3	2.9	4.5	4.8	0.6	2.9	5.6
Residential construction	-	2.2	4.6	5.1	6.1	3.5	6.4	7.4
Non-residential construction	0.9	2.2	1.2	5.8	6.5	1.2	2.8	8.2
Machinery and equipment	3.0	2.2	3.4	2.9	2.5	-1.4	0.4	2.5
Exports of goods and services	3.2	1.3	2.3	1.5	2.9	1.7	1.4	2.6
Imports of goods and services	4.4	1.7	1.1	0.2	1.7	1.9	1.8	3.6
Residual error of estimate	1.2	2.3	2.1	3.4	4.4	3.8	4.0	3.2
Gross National Expenditure at Market Prices	1.4	1.9	2.4	3.5	4.6	3.4	4.0	4.2

setting movements with higher rates of increase in the prices of food, women's and children's clothing, drugs and cosmetics, auto parts and accessories, and newspapers and magazines and lower rates in electricity, tobacco products, alcoholic beverages, men's and boys' clothing and footwear. In services, increases were widespread particularly in personal services and care, transportation, domestic servants, communication, medical care and rents.

Strong increases occurred in the implicit price indexes of residential and non-residential construction; labour costs rose by about 11 per cent while the materials component advanced by about 5 per cent. Machinery and equipment prices increased by $2\frac{1}{2}$ per cent.

The Components of Demand

Personal Expenditure on Consumer Goods and Services

Personal expenditure on goods and services rose by \$4 billion to reach a level of \$46.4 billion. This increase of $9\frac{1}{2}$ per cent, versus $8\frac{1}{2}$ per cent in 1968 - the largest recorded since 1961 - was very broadly based. In real terms, however, the increase of $5\frac{1}{2}$ per cent was smaller than the rate of increases for 1964 and 1965, but larger than the $4\frac{1}{2}$ per cent recorded in 1968.

There was an acceleration in the expenditures of most components. The sharp increases in the rates of furniture and home furnishings may be related to the high levels of residential construction in 1967 and 1968. In real terms outlays on furniture rose by $3\frac{1}{2}$ per cent after a marginal decline in 1968. The accelerations in the rates of increase of expenditure on shelter and household operations and in total transportation are also notable. The latter's increase of 6.8 per cent, however, was entirely due to price increases. A feature of the year in consumer expenditure was a jump of 26 per cent in tourist and travel expenditures by Canadians abroad.

The only major items to show sharply reduced rates of increase were tobacco and new and used cars. The former increased by $1\frac{1}{2}$ per cent this year - a much lower gain than in recent years when it regularly increased at rates above 6 per cent. In real terms, however, this movement is reversed as tobacco consumption declined by $2\frac{1}{2}$ per cent versus a decline of 4 per cent last year. The rise in outlays on new and used cars of $3\frac{1}{2}$ per cent occurred after an exceptionally strong rise last year. The increase in new car purchases this year was heavily centered on cars of European manufacture.

Gross Fixed Capital Formation

Business capital outlays totalled \$14 billion in current dollars in 1969, an increase of \$1,186 million or 9 per cent from the preliminary level of the previous year. Among the components, new housing expenditures increased by $18\frac{1}{2}$ per cent, adding \$523 million. Investment in new machinery and equipment also rose vigorously by $8\frac{1}{2}$ per cent, or \$426 million. The rise in new non-residential construction was markedly lower than the other components, adding \$215 million.

Government capital outlays totalled \$3 billion, a decrease of \$204 million from preliminary 1968. Later information indicates little change from 1968. Machinery and equipment spending was somewhat lower.

House-building activity set a new record in 1969 with starts totalling 210,415 dwelling units compared with the previous high of 196,878 units in 1968. This increase was made possible in part by a large carry-over of institutional mortgage loans which were approved in 1968 but did not lead to starts until 1969. Housing starts reached an annual total of 275,000 in the first quarter but dropped off in each quarter to an annual rate of 190,200 in the last quarter of 1969. New housing investment outlays, which follow developments in starts, rose throughout 1968 and until the last quarter of 1969.

Fixed Capital Formation
(millions of dollars)

	1968	1969
Business	12,831	14,017
New residential construction	2,831	3,354
Non-residential construction (1)	4,431	4,646
Machinery and equipment (2)	5,197	5,623
Adjustments (3)	372	394
Government	3,204	3,000
New residential construction	13	16
Non-residential construction	2,861	2,674
Machinery and equipment	345	333
Adjustments (4)	-15	-23
Total	16,035	17,017

- (1) As per Table 9 in Private and Public Investment in Canada Outlook 1970 (DPS 61-205) less allocation of municipal water systems and public hospitals (other than federal or provincial) to "Government", and plus allocation of CBC outlays from "Business".
- (2) See note 1.
- (3) Includes estimates of commissions on real estate transfers of land and existing buildings, scrap, net sales of used motor vehicles, and ships exported.
- (4) Estimate of defence capital.

Investment in Non-Farm Business Inventories

Investment in non-farm business inventories was \$461 million in 1969 compared with \$473 million in 1968. By far the largest accumulation occurred in the first quarter, over a billion dollars at annual rates. Manufacturing contributed nearly 50 per cent and retail trade 40 per cent to the total build-up in 1969. Wholesale trade showed a moderate increase.

The major part of the accumulation in manufacturing inventories took place in durable goods-producing industries. Stock increases occurred in all groups except transportation industries, which showed a small depletion. Within non-durable goods-producing industries, offsetting movements left on balance a moderate accumulation.

The stock increases in both retail and wholesale trade showed equal strength as between durable and non-durable goods. In retail trade the increases in the stocks of durables were widespread, whereas for non-durables the accumulation was almost entirely centered in the stocks of food.

Exports and Imports of Goods and Services

The major increases in trade in 1969 for both exports and imports occurred in the first and fourth quarters. Merchandise exports rose by almost 10 per cent, primarily spurred by sharp gains in automotive products and to a lesser extent in crude petroleum, pulp and newsprint. Trade of Canada data shows an increase of \$1,491 million, comprised of higher sales of \$1,293 million to United States markets, a drop in sales of \$113 million to United Kingdom markets, and a rise of \$11 million to all others. Merchandise imports rose by 15 per cent. The available data on commodity detail suggest that machinery along with transportation and communication equipment (mainly automotive products) accounted for half of the increase.

The deficit on external account increased from \$244 to \$938 million. The merchandise trade surplus dropped by \$505 million to \$871 million. This lower merchandise surplus was accompanied by a deterioration of \$189 million in the non-merchandise deficit. The main element in the larger service deficit was the worsening by \$170 million in the net balance on tourist and travel transactions. Receipts increased by \$90 million, but payments rose by \$268 million.

Transactions with Non-Residents
(National Accounts Basis)

	1968 Published*	1968 Revised*	1969	Change 1969 from Revised 1968 (Million \$)	(Per Cent)
Exports	16,692	16,707	18,404	1,697	10.2
Merchandise	13,597	13,538	14,885	1,347	9.9
Services	3,095	3,169	3,519	350	11.0
Imports	16,996	16,951	19,342	2,391	14.1
Merchandise	12,302	12,162	14,014	1,852	15.2
Services	4,694	4,789	5,328	539	11.3
Balance	-304	-244	-938	-694	-
Merchandise	1,295	1,376	871	-505	-
Services	-1,599	-1,620	-1,809	-189	-

* See Technical Note on Page 7.

Components of Income

Labour Income

During 1969, total labour income advanced by 12 per cent as compared with rates of around 9 per cent during 1968 and 1967. Most of the advance resulted from increases in average weekly earnings.

Wages and salaries in the goods-producing industries were about 9½ per cent higher than in 1968. This compares with gains of about 5½ per cent in 1968 and 1967. Manufacturing increased by almost 10½ per cent and construction by about 10 per cent. The primary industries, which were seriously affected by labour disputes in mining, advanced by slightly more than 4½ per cent.

In the service-producing industries, wages and salaries increased by over 13½ per cent as compared with gains of about 11 and 12 per cent in 1968 and 1967. Transportation, storage and communication increased by about 10 per cent, public utilities by 8½ per cent, and service by almost 16 per cent. The other industries in this group recorded advances of about 13½ per cent.

Corporation Profits

On the basis of preliminary fourth quarter data, corporation profits before taxes increased in 1969 by slightly more than 7 per cent over 1968 to a level of almost \$8.0 billion.

Following a pattern of steady growth since 1967 profits in the first half of 1969 levelled off and remained virtually the same in the fourth quarter 1968 and the first and second quarters of 1969. During the second half of the year, however, rising costs, tight money and labour disputes had a marked effect on profits with a decrease of 7 per cent being recorded from the second to the third quarter and a decrease of 2 per cent from the third to the fourth quarter.

Due to the earlier publication of the National Income and Expenditure Accounts, industrial detail for the fourth quarter and consequently for the year as a whole is not yet available.

Accrued Net Income of Farm Operators

Accrued net income of farm operators from farm production increased slightly in 1969 from the 1968 level. Increases occurred in the value of livestock production and in the cash income from the sale of other farm products. The value of grain production declined, reflecting a lower estimated value of the new crop and lower Canadian Wheat Board profits as both exports and export prices continued to decline. Operating expenses rose during the year, further dampening the increase in farm income.

Net Income of Non-Farm Unincorporated Business

Net income of non-farm unincorporated business increased by just over 3 per cent in 1969. This was one of the smaller annual increments in recent years and resulted from largely offsetting movements in the various industry groupings. Large increases were registered in the construction, community service, business service and personal service industries while the major decline occurred in the net income of the retail trade industry.

Real Domestic Product

Canada's R.D.P. for 1969 rose by 4.6 per cent. Increased manufacturing output had the largest effect within the goods-producing industries; the advance in manufacturing alone accounted for one-third of the year-over-year increase in output in the domestic economy. Within manufacturing, durables grew a little faster than non-durables. The increase in durables resulted from advances in the transportation equipment, electrical products, machinery and metal fabricating industries which more than offset a decrease in the strike-affected primary metal industries. Non-durables increased on the basis of a strong advance in paper and allied industries, and gains in the food and beverages, textile, and printing and publishing industries. Of the other goods-producing industry divisions, construction made the largest contribution to the change in aggregate R.D.P.

More than one-third of the increase in the service-producing industries came from the community, business and personal service division. Continued advances were recorded for education, business management, health and welfare, personal, and other services.

Trade showed the second most significant increase of the service-producing industries, with two-thirds of it originating in retail trade. Department, variety, and chain grocery stores showed the largest volume increases among the retail outlets, while the most significant wholesale trade increases occurred in automotive parts and accessories, household electrical appliances, industrial and transportation equipment, and petroleum bulk tank stations.

FOURTH QUARTER 1969

In the final quarter of 1969, GNP rose by 2 per cent to reach a level of \$80.3 billion, seasonally adjusted at annual rates. This increase was only slightly less than that realized in the summer quarter. After allowing for a price rise of 0.5 per cent, the rise in the physical volume of production was 1.4 per cent.

Whereas the year as a whole presented a fairly balanced picture of growth, the pattern of demand in the fourth quarter was uneven. Personal expenditures on goods and services were very strong, accounting for roughly half of the increase in total demand. The 2½ per cent increase in the expenditure on goods was concentrated in non-durable types of goods, as many durables and especially purchases of new cars declined. Automotive products and machinery made up a dominant proportion of the 5½ per cent increase in exports.

In contrast to its strong performance in the summer quarter, business capital formation rose by a modest 1 per cent. Within this aggregate, residential construction declined marginally, while non-residential construction and machinery and equipment rose at much lesser rates than in the third

quarter. In constant dollars, business gross fixed capital formation was practically unchanged from the third quarter level, as a small increase in machinery and equipment was entirely offset by declines in residential and non-residential construction.

Noticeable developments on the income side are the slowdown in the rate of increase of labour income and a second consecutive fall in corporation profits. The rise in wages and salaries of slightly more than 1 per cent was the smallest in two years. Preliminary data on corporation profits indicate a further decline of 2 per cent after the 7 per cent drop of last quarter.

Price Movements

In the fourth quarter the implicit price index of gross national expenditure rose by 0.5 per cent. The slowdown in the aggregate price index is largely attributable to the lower rate of increase in the deflator for personal expenditure on goods and services.

Within personal expenditure, there was deceleration in the prices of food and clothing which was partly offset by an increase in the prices of new cars, transportation, communication and medical care.

In business gross fixed capital formation, there was a lower rate of price increases in the fourth quarter largely due to a slowdown in the prices of residential construction and machinery and equipment.

Selected Implicit Price Indexes - Seasonally Adjusted Percentage Change from the Previous Quarter

	1 9 6 8			1 9 6 9			
	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Personal expenditure on consumer goods and services	0.8	0.6	1.1	0.8	1.3	0.7	0.6
Business gross fixed capital formation	1.5	0.7	0.8	1.3	2.4	1.6	1.2
Residential construction	1.6	1.5	1.1	3.6	2.0	0.4	0.3
Non-residential construction	1.6	0.5	1.1	1.1	4.1	3.0	3.0
Machinery and equipment	0.4	0.8	-0.1	0.1	1.4	1.5	0.3
Exports of goods and services	0.3	-	0.1	1.4	1.2	-0.1	0.5
Gross National Expenditure	0.7	1.0	1.0	0.7	1.8	1.2	0.5

Components of Demand

Personal expenditure on goods and services rose $2\frac{1}{2}$ per cent in the fourth quarter to reach a level of \$47.8 billion. This was the second highest increase in the year, next to the first quarter gain of 3 per cent.

A significant increase was shown by purchases of home furnishings, which were up 5 per cent, their largest increase since the first quarter of 1966. Expenditure on clothing including footwear increased by 2 per cent. Among declines, purchases of passenger cars fell 1 per cent, after an increase of nearly 8 per cent in the third quarter. The decline was entirely attributable to lower purchases of North American vehicles; overseas passenger vehicles were up $15\frac{1}{2}$ per cent - their best gain since the third quarter of 1968. Expenditures on jewellery, appliances and radios, and heating fuels except gas also declined by 1, 4 and $4\frac{1}{2}$ per cent respectively.

Business and government capital outlays at a \$17.4 billion annual rate grew by a little over 1 per cent in the quarter, compared with a rise of $3\frac{1}{2}$ per cent in the preceding quarter. The gain can be attributed to increased activity in non-residential building, and engineering construction other than work on highways, bridges and streets. Reflecting the drop in starts and the imposition of monetary restraints, housing outlays turned down in the quarter. Machinery and equipment spending showed little change in the quarter. In contrast, the third quarter was marked by sharp increases in the latter two categories of investment.

Goods in inventories in the fourth quarter of 1969 showed an increase of \$512 million at annual rates, compared with \$200 million in the third quarter. Though all major industrial groups contributed to the increase in the aggregate, the most important increase came from manufacturing.

Substantial accumulation in manufacturers' stocks was due to a greatly enhanced investment in the cyclically volatile durables component. Among durables, all the groups with the exception of transportation contributed to this increase, although the most noticeable accumulation was concentrated in primary metal fabricating and machinery producing industries. Among non-durables there were offsetting movements, leaving on balance a moderate accumulation. Additions to manufacturers' stocks took place at all stages of production but most strongly in finished goods. The stock-to-shipments ratio for manufacturing as a whole was much higher than that of the previous quarter.

Inventories at the wholesale level showed a moderate accumulation which was wholly concentrated in all the non-durable goods trades. Stocks at the durable goods level showed a small decline.

Over 20 per cent of the total increase in the investment of business inventories was contributed by investment in retail trade. The major part of this investment in retail trade was concentrated in non-durable goods.

With exports of goods and services increasing by \$952 million and imports by \$564 million, the balance on external account for the quarter narrowed from a deficit of \$1,212 million at annual rates to a deficit of \$824 million. The merchandise surplus improved by \$288 million, while the non-merchandise deficit narrowed by \$100 million.

Merchandise exports rose 6 per cent from the third quarter level, stimulated by higher sales of automotive products, machinery, wheat, lumber, pulp and communication equipment. Merchandise imports rose $4\frac{1}{2}$ per cent. Data are not yet available to identify import commodity changes corrected for seasonal factors.

The narrowing of the non-merchandise deficit is mainly attributable to an improvement in the net balance on tourist and travel transactions due to a sharp decline in tourist and travel payments after sizeable increases in the second and third quarters.

Transactions with Non-Residents
Seasonally Adjusted at Annual Rates
(National Accounts Basis)

	3Q 1969	4Q 1969		
	Millions of dollars		Million \$	Per Cent
Exports	18,112	19,064	952	5.3
Merchandise	14,632	15,544	912	6.2
Services	3,480	3,520	40	1.1
Imports	19,324	19,888	564	2.9
Merchandise	13,856	14,480	624	4.5
Services	5,468	5,408	-60	-1.1
Balance	-1,212	-824	388	
Merchandise	776	1,064	288	
Services	-1,988	-1,888	100	

Components of Income

Total labour income increased by 2 per cent in the fourth quarter, compared with nearly 3 per cent in the preceding quarter. The goods-producing industries advanced by about $2\frac{1}{2}$ per cent compared with $1\frac{1}{2}$ per cent in the third quarter, while the service-producing industries increased by about $1\frac{1}{2}$ per cent compared with over $3\frac{1}{2}$ per cent in the third quarter.

Wages and salaries in the goods-producing industries increased more rapidly in the quarter mainly because labour disputes in manufacturing, construction and mining affected the third quarter estimates to a larger degree. Manufacturing increased by 2 per cent, construction by 4 per cent and the primary industries by about $4\frac{1}{2}$ per cent.

Among the service-producing industries, wages and salaries increased by almost 4 per cent in trade and by about 2 per cent in public utilities, finance, insurance and real estate, and service. Government wages and salaries declined by almost $2\frac{1}{2}$ per cent mainly because the third quarter estimates included large retroactive payments to federal government employees.

A preliminary estimate indicates that corporation profits before taxes fell by about 2 per cent from the third quarter, compared with a 7 per cent decline in the preceding quarter. Due to the early release of the National Income and Expenditure Accounts estimates an industrial distribution of profits is not available at this time.

Accrued net income of farm operators from farm production rose by about 4 per cent in the quarter to a rate of \$1,492 million. Cash income from the sale of farm products declined sharply as wheat marketings fell to their lowest level in years. This decline was more than offset by a substantial accumulation in farm-held inventories, most notably grains. Profits of the Canadian Wheat Board were slightly higher during the quarter as exports rose somewhat from the unusually low rate of the third quarter.

Real Domestic Product

The seasonally adjusted R.D.P. index rose $1\frac{1}{2}$ per cent in the fourth quarter from its revised third quarter level. The service-producing industries accounted for over 60 per cent of the increase with transportation, storage and communication recording the major increase within this grouping. Railway transport led the way, because of renewed carriage of commodities that had fallen off in volume in the previous months due to the iron ore, steel, and nickel strikes. Water transport also benefited from the pick-up in activity. Pipeline transport was up strongly, particularly gas pipelines, in response to accelerated demand from the United States. The effects of recovery from the telephone strike in British Columbia as well as continued advances in output are reflected in the advance in telephone systems.

Mining's strong advance was the result of iron ore mining rising from the strike-depressed levels of the previous two quarters, and an expansion in the crude petroleum and natural gas industry. Manufacturing also rose significantly in the fourth quarter, with most of the increase originating in durables. Within durables, strike recoveries in iron and steel mills and in smelting and refining, along with expansion in the wood industries, more than offset decreases in the transportation equipment industries and in the electrical product industries.

NATIONAL INCOME
AND
EXPENDITURE ACCOUNTS

SUMMARY TABLES

The tables in this section contain estimates consistent with the level of the historically revised annual estimates published in August 1969.

TABLES UNADJUSTED FOR SEASONAL VARIATION

A.* National Income and Gross National Product, by Quarters, 1968 and 1969

	1968				1969					
	I	II	III	IV	Year	I	II	III	IV	Year
					(millions of dollars)					
1. Wages, salaries, and supplementary labour income	8,959	9,530	9,971	10,033	38,493	10,028	10,666	11,243	11,194	43,131
2. Military pay and allowances .	216	197	218	229	860	211	222	217	236	886
3. Corporation profits before taxes	1,433	1,993	1,853	2,163	7,442	1,774	2,291	1,883	2,033	7,981
4. Deduct: Dividends paid to non-residents (1)	- 198	- 196	- 201	- 281	- 876	- 195	- 170	- 174	- 307	- 846
5. Interest, and miscellaneous investment income	622	603	650	705	2,580	752	710	781	799	3,042
6. Accrued net income of farm operators from farm production	59	54	1,190	168	1,471	84	131	1,133	159	1,507
7. Net income of non-farm unincorporated business including rents(2)	882	1,037	1,061	1,238	4,218	937	1,058	1,066	1,294	4,355
8. Inventory valuation adjustment (3)	- 86	- 56	- 41	- 134	- 317	- 168	- 204	- 56	- 192	- 620
9. NET NATIONAL INCOME AT FACTOR COST	11,887	13,162	14,701	14,121	53,871	13,423	14,704	16,093	15,216	59,436
10. Indirect taxes less subsidies	2,333	2,343	2,432	2,569	9,677	2,586	2,616	2,675	2,800	10,677
11. Capital consumption allowances and miscellaneous valuation adjustments	2,057	2,205	2,074	2,113	8,449	2,158	2,244	2,215	2,268	8,885
12. Residual error of estimate ..	- 345	- 247	197	- 148	- 543	- 457	- 428	30	- 44	- 899
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	15,932	17,463	19,404	18,655	71,454	17,710	19,136	21,013	20,240	78,099
14 (Gross national product at market prices excluding accrued net income of farm operators)	(15,873)	(17,409)	(18,214)	(18,487)	(69,983)	(17,626)	(19,005)	(19,880)	(20,081)	(76,592)

(1) Includes the withholding tax applicable to this item.

(2) Includes net income of independent professional practitioners.

(3) See footnote 1 Table B.

* This table corresponds to Table 1 of the previously published estimates.

B.* Gross National Expenditure, by Quarters, 1968 and 1969

	1968				1969					
	I	II	III	IV	Year	I	II	III	IV	Year
	(millions of dollars)									
1. Personal expenditure on consumer goods and services ..	9,802	10,404	10,353	11,801	42,360	10,735	11,446	11,291	12,887	46,359
2. Government current expenditure on goods and services	2,994	2,857	3,034	3,193	12,078	3,358	3,258	3,533	3,596	13,745
3. Gross fixed capital formation	3,263	4,197	4,302	4,273	16,035	3,429	4,438	4,611	4,539	17,017
4. Government	437	858	1,085	824	3,204	427	797	982	794	3,000
5. Residential construction	4	3	3	2	12	2	3	4	3	12
6. Non-residential construction ..	347	782	987	731	2,847	333	721	891	710	2,655
7. Machinery and equipment	86	73	95	91	345	92	73	87	81	333
8. Business	2,826	3,339	3,217	3,449	12,831	3,002	3,641	3,629	3,745	14,017
9. Residential construction	639	831	870	954	3,294	783	973	1,044	1,030	3,830
10. Non-residential construction ..	887	1,105	1,206	1,290	4,488	924	1,114	1,308	1,358	4,704
11. Machinery and equipment	1,300	1,403	1,141	1,205	5,049	1,295	1,554	1,277	1,357	5,483
12. Value of physical change in inventories(1)	- 202	- 189	1,632	- 500	741	18	- 64	1,621	- 558	1,017
13. Government	- 21	14	37	- 1	29	-25	11	34	- 13	7
Business:										
14. Non-farm	248	48	181	- 4	473	472	- 74	90	- 27	461
15. Farm and grain in commercial channels	- 429	- 251	1,414	- 495	239	-429	- 1	1,497	- 518	549
16. Exports of goods and services (2)	3,572	4,302	4,428	4,390	16,692	4,114	4,689	4,745	4,856	18,404
17. Deduct: Imports of goods and services(2)	-3,843	-4,355	-4,149	-4,649	-16,996	-4,402	-5,059	-4,757	-5,124	-19,342
18. Residual error of estimate ..	346	247	- 196	147	544	458	428	- 31	44	899
19. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	15,932	17,463	19,404	18,655	71,454	17,710	19,136	21,013	20,240	78,099

(1) The book value of inventories is deflated to remove the effect of price changes and the derived "physical" change is then valued at average prices of the current period to obtain the value of physical change. The difference between this value of physical change and the change in book value is called the inventory valuation adjustment. (See line 8, Table A).

(2) Revised figures not incorporated into the Accounts as shown in the "Quarterly Estimates of the Canadian Balance of Payments, Second quarter 1969" DBS 67-001, are as follows:

Exports	3,586	4,290	4,443	4,388	16,707
Imports	3,829	4,348	4,149	4,625	16,951

* This table corresponds to Table 2 of the previously published estimates.

TABLES ADJUSTED FOR SEASONAL VARIATION AND AT ANNUAL RATES

Al.* National Income and Gross National Product, by Quarters, 1968 and 1969 Seasonally Adjusted at Annual Rates

	1968				1969					
	I	II	III	IV	Year	I	II	III	IV	Year
	(millions of dollars)									
1. Wages, salaries, and supplementary labour income	36,920	38,076	38,828	40,148	38,493	41,440	42,604	43,816	44,664	43,131
2. Military pay and allowances .	844	808	900	888	860	836	884	872	952	886
3. Corporation profits before taxes	6,744	7,164	7,548	8,312	7,442	8,284	8,312	7,736	7,592	7,981
4. Deduct: Dividends paid to non-residents(1)	- 836	- 980	- 940	- 748	- 876	- 868	- 856	- 800	- 860	- 846
5. Interest, and miscellaneous investment income	2,460	2,536	2,600	2,724	2,580	3,008	2,940	3,096	3,124	3,042
6. Accrued net income of farm operators from farm production(2)	1,492	1,304	1,496	1,592	1,471	1,512	1,588	1,436	1,492	1,507
7. Net income of non-farm unincorporated business including rents(3)	4,040	4,188	4,288	4,356	4,218	4,328	4,264	4,280	4,548	4,355
8. Inventory valuation adjustment (4)	- 296	- 184	- 296	- 492	- 317	- 600	- 768	- 428	- 684	- 620
9. NET NATIONAL INCOME AT FACTOR COST	51,368	52,912	54,424	56,780	53,871	57,940	58,968	60,008	60,828	59,436
10. Indirect taxes less subsidies	9,520	9,488	9,628	10,072	9,677	10,584	10,468	10,748	10,908	10,677
11. Capital consumption allowances and miscellaneous valuation adjustments	8,444	8,420	8,484	8,448	8,449	8,840	8,564	8,952	9,184	8,885
12. Residual error of estimate ..	- 252	- 528	- 616	- 776	- 543	- 872	- 1,032	- 1,024	- 668	- 899
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	69,080	70,292	71,920	74,524	71,454	76,492	76,968	78,684	80,252	78,099
14. (Gross national product at market prices excluding accrued net income of farm operators)	(67,588)	(68,988)	(70,424)	(72,932)	(69,983)	(74,980)	(75,380)	(77,248)	(78,760)	(76,592)

(1) Includes the withholding tax applicable to this item.

(2) Includes an arbitrary smoothing of crop production and standard seasonal adjustments for withdrawals of grain from farm stocks and the change in livestock items. Because of the arbitrary elements, too precise an interpretation should not be given the seasonally adjusted figures of accrued net income of farm operators.

(3) Includes net income of independent professional practitioners.

(4) See footnote 1 Table B.

* This table corresponds to Table 11 of the previously published estimates.

B1.* Gross National Expenditure, by Quarters, 1968 and 1969 Seasonally Adjusted at Annual Rates

	1968				1969					
	I	II	III	IV	Year	I	II	III	IV	Year
	(millions of dollars)									
1. Personal expenditure on consumer goods and services ...	41,300	41,576	42,832	43,732	42,360	45,144	45,840	46,664	47,788	46,359
2. Government current expenditure on goods and services ...	11,716	11,732	12,020	12,844	12,078	13,068	13,460	14,176	14,276	13,745
3. Gross fixed capital formation	15,812	15,848	16,104	16,376	16,035	16,692	16,772	17,180	17,424	17,017
4. Government	3,092	3,280	3,268	3,176	3,204	3,028	3,020	2,920	3,032	3,000
5. Residential construction	16	12	12	8	12	8	12	16	12	12
6. Non-residential construction	2,732	2,916	2,904	2,836	2,847	2,660	2,660	2,588	2,712	2,655
7. Machinery and equipment	344	352	352	332	345	360	348	316	308	333
8. Business	12,720	12,568	12,836	13,200	12,831	13,664	13,752	14,260	14,392	14,017
9. Residential construction	3,012	3,292	3,312	3,560	3,294	3,808	3,840	3,848	3,824	3,830
10. Non-residential construction	4,432	4,420	4,468	4,632	4,488	4,580	4,516	4,812	4,908	4,704
11. Machinery and equipment	5,276	4,856	5,056	5,008	5,049	5,276	5,396	5,600	5,660	5,483
12. Value of physical change in inventories	524	400	768	1,272	741	1,372	920	856	920	1,017
13. Government	4	24	48	40	29	8	12	16	- 8	7
Business:										
14. Non-farm	284	392	672	544	473	1,084	48	200	512	461
15. Farm and grain in commercial channels (1)	236	- 16	48	688	239	280	860	640	416	549
16. Exports of goods and services(2)	16,116	16,692	16,592	17,368	16,692	18,420	18,020	18,112	19,064	18,404
17. Deduct: Imports of goods and services(2)	- 16,644	- 16,484	- 17,012	- 17,844	- 16,996	- 19,076	- 19,080	- 19,324	- 19,888	- 19,342
18. Residual error of estimate	256	528	616	776	544	872	1,036	1,020	668	899
19. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	69,080	70,292	71,920	74,524	71,454	76,492	76,968	78,684	80,252	78,099

(1) In the seasonally adjusted series, the value of grain production in each quarter is taken as one-fourth of the estimated value of crop production for the year as a whole. All other items in the farm inventories series are seasonally adjusted by standard techniques.

(2) Revised figures not incorporated into the Accounts as shown in the "Quarterly Estimates of the Canadian Balance of Payments, Second quarter 1969" DBS 67-001, are as follows:

Exports	16,128	16,648	16,576	17,476	16,707
Imports	16,580	16,360	16,968	17,896	16,951

* This table corresponds to Table 12 of the previously published estimates.

Cl.* Gross National Expenditure in Constant (1961) Dollars, by Quarters, 1968 and 1969 (1)
Seasonally Adjusted at Annual Rates

	1968				1969					
	I	II	III	IV	Year	I	II	III	IV	Year
	(millions of dollars)									
1. Personal expenditure on consumer goods and services	35,372	35,332	36,168	36,540	35,853	37,408	37,492	37,920	38,592	37,853
2. Government current expenditure on goods and services	8,420	8,400	8,300	8,732	8,463	8,880	8,888	9,060	9,008	8,959
3. Gross fixed capital formation	13,196	12,984	13,112	13,368	13,165	13,328	13,224	13,288	13,396	13,309
4. Government	2,492	2,560	2,548	2,596	2,549	2,320	2,400	2,244	2,372	2,334
5. Residential construction ..	16	8	8	4	9	4	4	8	4	5
6. Non-residential construction	2,152	2,216	2,224	2,292	2,221	1,988	2,076	1,948	2,096	2,027
7. Machinery and equipment ...	324	336	316	300	319	328	320	288	272	302
8. Business	10,704	10,424	10,564	10,772	10,616	11,008	10,824	11,044	11,024	10,975
9. Residential construction ..	2,348	2,524	2,504	2,660	2,509	2,748	2,716	2,712	2,688	2,716
10. Non-residential construction	3,688	3,620	3,640	3,732	3,670	3,648	3,456	3,576	3,540	3,555
11. Machinery and equipment ...	4,668	4,280	4,420	4,380	4,437	4,612	4,652	4,756	4,796	4,704
12. Value of physical change in inventories	360	356	700	1,028	611	1,340	840	676	724	895
13. Government	4	20	44	24	23	12	- 4	12	-12	2
Business :										
14. Non-farm	268	424	624	608	481	1,024	52	160	424	415
15. Farm and grain in commercial channels	88	- 88	32	396	107	304	792	504	312	478
16. Exports of goods and services(2)	14,016	14,472	14,396	15,056	14,485	15,748	15,216	15,304	16,028	15,574
17. Deduct: Imports of goods and services(2)	- 14,744	- 14,552	- 15,004	- 15,612	- 14,978	-16,524	-16,356	-16,268	-16,624	-16,443
18. Residual error of estimate ...	212	432	500	624	442	696	820	796	516	707
19. GROSS NATIONAL EXPENDITURE IN CONSTANT (1961) DOLLARS	56,832	57,424	58,172	59,736	58,041	60,876	60,124	60,776	61,640	60,854

(1) The implicit price deflators of the seasonally unadjusted components of Gross National Expenditure, derived by dividing the value figures in current dollars by the constant dollar figures, are not suitable as indicators of quarter-to-quarter price change. This is because they are currently weighted and therefore are affected by compositional shifts which occur within the unadjusted components of Gross National Expenditure, on a quarter-to-quarter basis. Quarter-to-quarter comparisons based on seasonally adjusted data are less subject to the problem of shifting weights and may be used as a measure of price change.

(2) Revised figures not incorporated into the Accounts as shown in the "Quarterly Estimates of the Canadian Balance of Payments,

Second quarter 1969" DBS 67-001, are as follows:

Exports	14,024	14,436	14,376	15,144	14,495
Imports	14,684	14,440	14,960	15,656	14,935

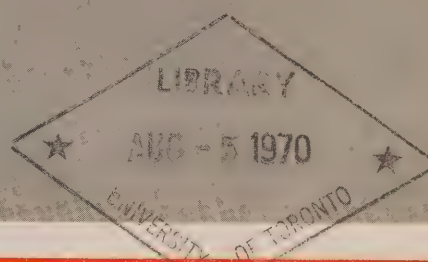
* This table corresponds to Table 20 of the previously published estimates.

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SYSTEM OF NATIONAL ACCOUNTS

National Income and Expenditure Accounts

FIRST QUARTER 1970



DOMINION BUREAU OF STATISTICS

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DOMINION BUREAU OF STATISTICS
National Income and Expenditure Division

SYSTEM OF NATIONAL ACCOUNTS

NATIONAL INCOME AND
EXPENDITURE ACCOUNTS

FIRST QUARTER 1970

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THE SYSTEM OF NATIONAL ACCOUNTS

In Canada, the National Accounts have been developed since the close of the Second World War in a series of publications relating to their constituent parts. These have now reached a stage of evolution where they can be termed a "System of National Accounts". For purposes of identification, all publications (containing tables of statistics, descriptions of conceptual frameworks, and descriptions of sources and methods) which make up this System will now carry the term "System of National Accounts" as a general title.

The System of National Accounts in Canada consists of several parts. The annual and quarterly Income and Expenditure Accounts (included with Catalogue Nos. carrying the prefix 13) were, historically speaking, the first set of statistics to be referred to with the title "National Accounts" (National Accounts, Income and Expenditure). The Balance of International Payments data, (Catalogue Nos. with prefix 67), in their more summary form, are also part of the System of National Accounts and they, in fact, pre-date the Income and Expenditure Accounts.

Greatly expanded structural detail on industries and on goods and services is portrayed in the Input-Output Tables of the System (Catalogue Nos. with prefix 15). The Indexes of Real Domestic Product by Industry (included with Catalogue Nos. carrying the prefix 61) provide "constant dollar" measures of the contribution of each industry to gross domestic product at factor cost. Inputs and outputs are related in Productivity Studies (Catalogue Nos. with prefix 14).

Both the Input-Output Tables and Indexes of Real Domestic Product by Industry use the establishment as the primary unit of industrial production. Measures of financial transactions are provided by

the Financial Flow Accounts (Catalogue Nos. with prefix 13). Types of lenders and financial instruments are the primary detail in these statistics, and the legal entity is the main unit of classification of transactors. Also, provision is made in the System for incorporation of balance sheet (wealth) estimates when such data are sufficiently developed.

The System of National Accounts provides an overall conceptually integrated framework in which the various parts can be considered as interrelated sub-systems. At present, direct comparisons amongst those parts which use the establishment as the basic unit and those which use the legal entity can be carried out only at highly aggregated levels of data. However, the Dominion Bureau of Statistics is continuing research on enterprise-company-establishment relationships; it may eventually be feasible to reclassify the data which are on one basis (say the establishment basis) to correspond to the units employed on another (the company or the enterprise basis).

In its broad outline, the Canadian System of National Accounts bears a close relationship to the international standard as described in the United Nations publication, "A System of National Accounts" (Studies in Methods, Series F., No. 2, Rev. 3, Statistical Office, Department of Economic and Social Affairs, United Nations, New York, 1968). In the future, a document on the conceptual framework of the Canadian System of National Accounts will be prepared for publication by the Dominion Bureau of Statistics. This document will furnish the broad theoretical outline of the System. The finer conceptual details, the statistical tables, and the descriptions of sources and methods as they pertain to the individual parts of the System, will appear in the various regular and occasional publications relating to those parts.

TECHNICAL NOTE

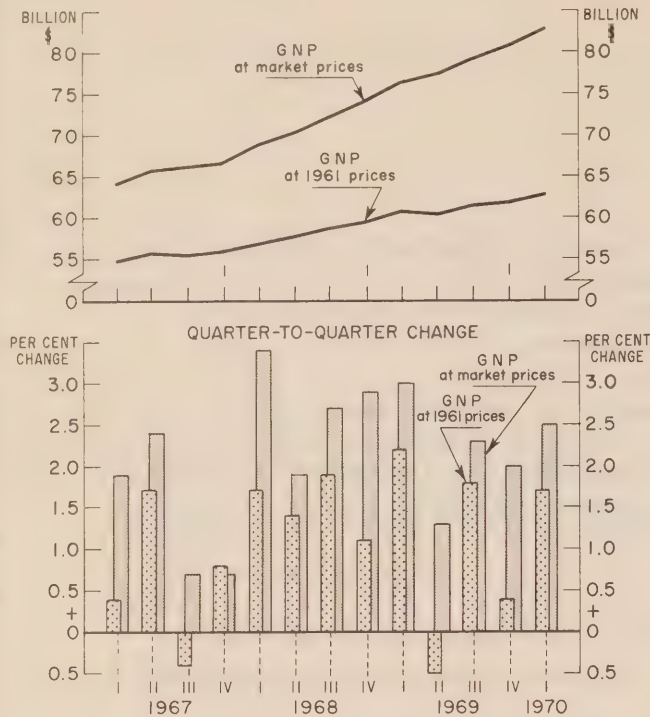
In the near future the Business Finance Division of the Bureau will be releasing a new publication "Industrial Corporations - Financial Statistics". This publication will contain quarterly financial data by industry (excluding Finance) for the period 1962 to 1969.

Because of certain conceptual differences and because the National Income and Expenditure Accounts annual figure for corporate profits is basically derived from financial statistics emanating from the administration of the Corporations and Labour Unions Returns Act, a reconciliation between the two series cannot readily be carried out at the present time.

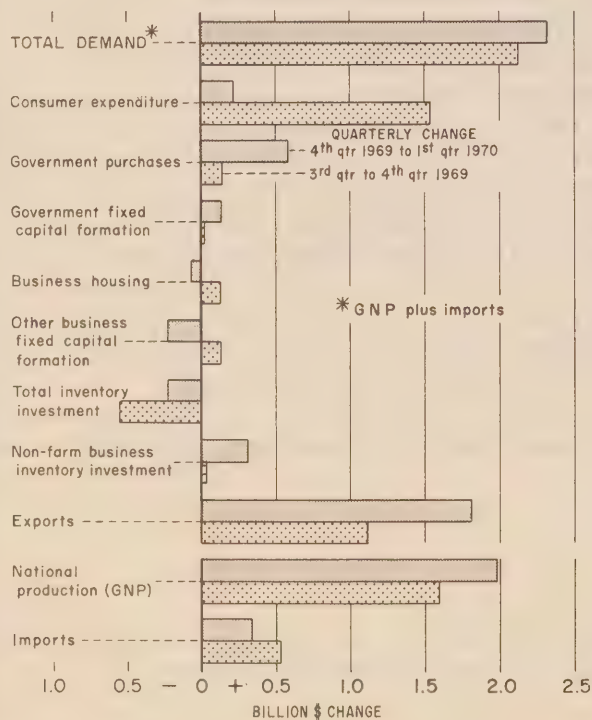
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In the first quarter GNP rose 2.5 per cent at market prices and 1.7 per cent in real terms.

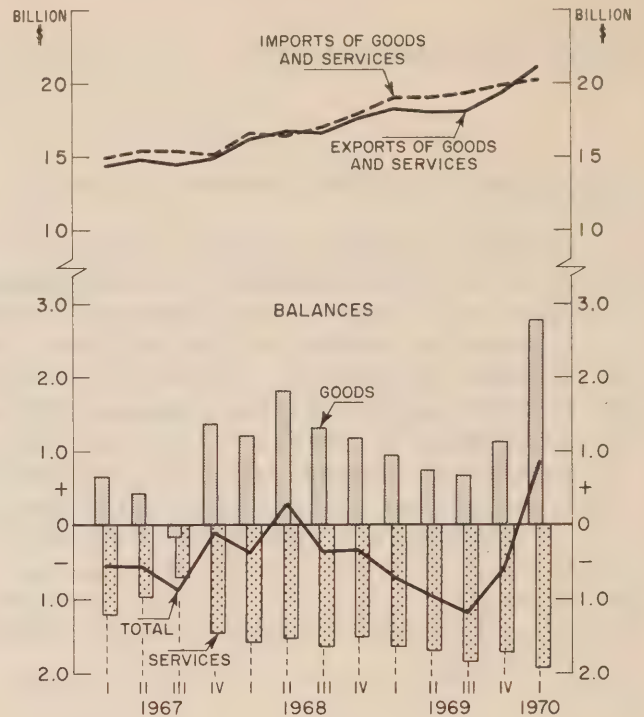


Total demand rose \$2.3 billion, or 2.3 per cent paced by export sales.

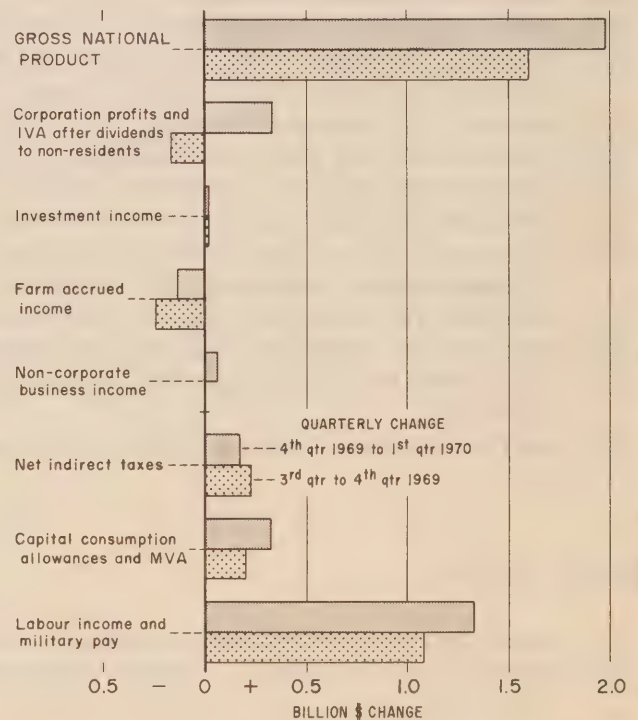


ALL DATA SEASONALLY ADJUSTED AT ANNUAL RATES.

The first surplus on transactions in goods and services with non-residents since the second quarter of 1968 resulted from sharp gains in exports of merchandise.



The rise in GNP was accompanied by increases in both labour income and corporation profits.



INTRODUCTORY REVIEW - FIRST QUARTER 1970

The Canadian economy has entered the first quarter of the new decade without interruption in the growth which the country enjoyed during most of the 1960's. At the time this report was written, based on estimates of the National Income and Expenditure Accounts prepared according to the recently adopted accelerated schedule, it appears that the advance in output during the quarter was accompanied by some moderation in the rate of price increase as measured by the implicit gross national expenditure deflator.

Despite interdependency of the Canadian and the United States economies, performance of the U.S. economy during the quarter provides a poor guide to concurrent economic developments in Canada. For example, during the quarter the Canadian economy continued to grow with a comparatively moderate rise in the seasonally adjusted unemployment rate, while the United States economy has apparently experienced two consecutive quarters of non-expansion, in real terms, with a sharply rising unemployment rate. The latest developments in April, however, indicated an accelerated rise in unemployment in Canada. The Canadian economy in the months ahead will inevitably be affected by both domestic policies and the patterns of adjustment presently undergoing in the United States economy.

In the first quarter of 1970, the total value of goods and services produced in Canada reached \$82.9 billion, seasonally adjusted at annual rates, which is a 2.5 per cent rise over the fourth quarter of 1969. The implicit GNP deflator in the quarter rose 0.7 per cent as compared with a 1.6 per cent rise in the fourth quarter of 1969. In real terms, the growth rate was 1.7 per cent, although the Index of Real Domestic Product shows a somewhat different movement 1/.

The major strength of the quarter's economic activities is attributable to exceptionally good performance in the external sector. The balance of Canadian transactions with non-residents on goods and services improved from the fourth quarter's deficit of \$604 million to a surplus of \$868 million in this quarter -- the first surplus since the second quarter of 1968. In percentage terms, the quarter's exports rose 9.4 per cent over the previous quarter's 6.1 per cent rise while the imports increased by 1.7 per cent compared to the 2.7 per cent in the final quarter of 1969. The main items contributing to this improvement include wheat, crude petroleum and lumber. In addition, there were widespread declines in traditional imports. Among the noticeable factors which contributed to the deficit side were a sharp decline in seasonally adjusted automobile exports to the United States, and an increase in interest and dividend payments.

Consumer expenditure on goods and services rose by .5 per cent, compared to the previous quarter's increase of 3.3 per cent. This rate, which was the smallest advance in over five years, is attributable primarily to low automobile sales. Expenditure on durables declined by 8 per cent. However, excluding the automotive group, expenditure on durables generally increased. Consumer expenditure on clothing including footwear increased by about 2 per cent while expenditure on non-durables and services rose by 2 and 1.8 per cent respectively.

Government current expenditure on goods and services rose by about 4 per cent in the quarter; the increase took place mainly at the federal and local government (municipal and regional governments and school boards) levels.

Total spending on fixed capital declined about 1 per cent. Business spending dropped 2 per cent, while government spending rose 4.7 per cent. Total housing outlays were lower with pronounced falls in single and two-family dwelling unit investment outweighing the effect of a backlog of apartments under construction and rising construction costs. Business spending on non-residential construction rose by 1.7 per cent, but business outlays on machinery and equipment dropped 5.4 per cent. Intentions reported at the beginning of the year in "Private and Public Investment Outlook 1970" indicated higher 1970 outlays by government, and by business with the exception of residential construction, where a sharp fall was expected.

On the income side labour income was 3 per cent higher than the previous quarter. A preliminary estimate of corporate profits shows approximately 3.4 per cent increase over the fourth quarter in which the rate of profit rise was nominal. This first quarter level is still 3.9 per cent below that realized in the first quarter of 1969. Interest and miscellaneous investment income maintained its fourth quarter's low rate of .6 per cent increase.

1/ Real Domestic Product at factor cost by industry of origin, an alternative but conceptually somewhat different measure of economic production, shows a different quarter-to-quarter movement indicating a .7 per cent rise in the first quarter compared with a 1.5 per cent rise in the final quarter of 1969. Among the conceptual differences between the two series are market price valuation versus factor cost and the use of national versus domestic boundaries.

Price Movements

The general price level, as measured by the implicit price index of gross national expenditure, rose by 0.7 per cent during the first quarter of 1970, compared with a gain of 1.6 per cent during the fourth quarter of 1969. All components registered increased prices. However, a lower rate of increase in the personal expenditure coupled with a higher rate of increase in import prices -- which are reflected in the components of GNE but the impact of which is subtracted from the aggregate implicit price deflator -- contributed to the deceleration in the overall price increase. The following table shows the quarter-to-quarter changes in the implicit price indexes of the major components of the GNE.

Selected Implicit Price Indexes - Seasonally Adjusted
Percentage Change from the Previous Quarter

	1967				1968				1969				1970
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
1. Personal expenditure on													
consumer goods and services	0.4	0.9	1.3	0.9	0.9	0.9	1.0	1.3	0.4	1.0	1.2	1.9	1.4
Durable goods	1.5	0.9	1.2	0.3	0.5	0.7	0.2	0.9	-1.1	1.4	-	1.3	0.7
Semi-durable goods	0.7	1.5	1.1	0.2	0.8	1.0	0.3	1.2	0.7	0.4	1.1	1.0	0.2
Non-durable goods	-0.8	0.3	1.4	1.3	0.9	0.7	1.0	1.5	-0.7	0.3	1.5	3.5	0.6
Services	1.0	1.7	1.1	0.9	0.7	1.4	1.4	1.4	2.1	1.5	1.4	1.0	2.1
2. Government expenditure on													
goods and services	1.5	2.1	3.1	-1.0	2.2	1.5	2.8	3.3	0.3	3.6	1.5	2.2	0.2
3. Business gross fixed capital													
formation	1.5	-0.8	-0.7	1.7	-0.8	0.3	1.0	1.8	0.9	1.4	0.6	1.4	2.1
Residential construction .	5.5	-1.5	-2.9	7.0	-4.1	1.0	1.7	5.5	-1.3	0.7	0.1	3.3	3.9
Non-residential construction	-1.1	0.4	0.7	0.8	-	0.2	0.5	0.5	3.8	0.8	1.4	1.9	2.1
Machinery and equipment ..	1.8	-1.7	-1.2	-0.5	0.4	-0.4	1.3	0.4	-	1.8	0.8	-0.3	0.8
4. Exports	1.2	-1.1	1.9	-1.9	2.8	-	-2.3	2.4	0.9	0.7	0.3	0.6	0.3
5. Imports	0.2	-	0.3	0.5	1.1	-	-0.1	0.9	0.8	0.4	1.2	1.7	2.4
6. Gross national expenditure .	1.5	0.7	1.0	-0.1	1.7	0.5	0.8	1.8	0.8	1.7	0.5	1.6	0.7
7. Gross national expenditure													
excluding value of physical													
change in inventories	0.9	0.4	1.5	0.2	1.0	0.9	0.7	2.1	0.6	1.4	1.1	1.5	0.7

The application of a more appropriate method and the introduction of recent data in the calculation of constant dollar estimates, may have caused different quarter-to-quarter movement of implicit price indexes from the previously published material.

Within the personal expenditure component, services showed higher rates of price increase while durable and semi-durable categories registered lower rates than in the last quarter of 1969. Non-durable goods also showed some moderation in price increase despite higher food prices.

In business gross fixed capital formation, higher price increases than in the previous quarter were registered in residential and non-residential construction, largely due to increased labour costs.

The Components of Demand

Personal Expenditure on Consumer Goods and Services

Consumer expenditure on goods and services advanced 0.5 per cent to a level of \$48,408 million seasonally adjusted at annual rates. This was the smallest advance registered since the second quarter of 1964 when consumer expenditure rose by only 0.5 per cent. The drop in consumer expenditure on automobiles was primarily responsible for the low increase. New passenger car sales declined by 25 per cent. Expenditure on used cars registered a lesser decline - down by 10.8 per cent.

Durables declined by 8 per cent. However, except for automobiles, expenditure on durables generally increased. Automobile repair and maintenance increased by over 5 per cent. This was its greatest advance since the first quarter of 1968. Home appliances and major home furnishings both registered nearly 4 per cent advances although furniture declined fractionally. Expenditure on recreation equipment (including television receivers) was up nearly 5 per cent.

Expenditures on household supplies, including household textiles, china, and glassware declined markedly with the result that consumer expenditure on semi-durables increased negligibly. Clothing including footwear advanced by 1.5 per cent. Within this group expenditure on men's and boys' clothing scored the greatest advance, approximately 3 per cent, while footwear decreased by 1 per cent.

Non-durables increased by 2.0 per cent. Leading the advance was a 6.1 per cent increase in consumer expenditure on gasoline, oil and grease for vehicle transportation. This was the greatest increase in this component since the first quarter of 1968. Food registered an advance of nearly 4 per cent - the largest since the fourth quarter of 1965. Alcoholic beverages also advanced while tobacco products declined. Expenditure on fuel, gas and electricity remained constant. Within this group a 2.7 per cent decrease in expenditures on electricity was offset by increased expenditures on gas and fuel for home heating. The remaining group of non-durables which includes drugs, cosmetics, and reading material showed little change.

Services advanced by 1.8 per cent; strongest components were expenditure on recreation, restaurants, hotels, and purchased transportation. Expenditure on shelter increased at a higher rate than the previous three quarters.

Gross Fixed Capital Formation

Spending on fixed capital dropped in total by \$144 million or about 1 per cent to a level of \$17,128 million in the first quarter, with declines of \$56 and \$264 million in housing and in machinery and equipment, offset in part by an increase of \$176 million in non-residential construction. The value of housing construction dropped by 1.4 per cent to a level of \$3,868 million. A very sharp drop in the single family and two-family dwelling unit sectors outweighed rising multi-family dwelling unit investment, affected by the large backlog of apartments under construction and higher construction costs.

Total spending of \$13,260 million on business and government plant and machinery fell less than 1 per cent from the fourth quarter. At a level of \$7,620 million, spending on non-residential building and engineering rose by over 2 per cent, but this increase was more than offset by a drop of 4.5 per cent in investment in machinery and equipment on which outlays fell to \$5,640 million.

The Government Sector

Total expenditure of all levels of government combined (excluding inter-governmental transfers) rose by \$1,152 million or 4 per cent to a rate of \$28,620 million in the first quarter of 1970. More than half the increase took place in current expenditure on goods and services at the federal and local government levels. Smaller increases occurred in capital outlays, interest payments on the public debt, and transfer payments to persons. The other expenditure categories showed little or no change.

Total revenue and capital consumption allowances rose less than expenditures, by \$472 million to a rate of \$30,196 million in the first quarter. Among the components, the largest absolute increase came from indirect taxes revenue. This rise reflected higher returns from local government property taxes, but the full effect was offset by declines in all items at the federal level; provincial indirect taxes showed little change. The other large revenue increases took place in government investment income and personal direct taxes both of which rose by about \$100 million during the quarter. The bulk of the increase in the latter item resulted from higher contributions to the Canada and Quebec Pension Plans; revenue from income taxes declined fractionally.

With government expenditure increasing more rapidly than revenue, the surplus of the government sector, (including the Canada and Quebec Pension Plans) on a national accounts basis, declined from a rate of \$2,216 million in the fourth quarter of 1969 to a rate of \$1,576 million in the first quarter. Most of the change took place at the federal level where revenues declined slightly and expenditure rose by about 7 per cent with the result that the surplus fell from a rate of \$1,048 million to a rate of \$8 million. Local governments (municipal and regional governments and school boards) moved from a deficit of \$292 million to a surplus of \$12 million while provincial governments showed little change.

Non-Farm Business Inventories

Non-farm business inventories were built up at the seasonally adjusted annual rate of \$768 million in the first quarter of 1970 compared with \$456 million in the final quarter of 1969. While nearly half of the accumulation took place in the stocks of manufacturing industries, the rest of the industries contributed as well. The following table shows their contribution.

Value of Physical Change in Non-Farm Business Inventories
Seasonally Adjusted at Annual Rates

	<u>1969</u>	<u>1970</u>
	4Q	1Q
	millions of dollars	
Manufacturing	196	352
Durables	160	104
Non-durables	36	248
Wholesale trade	216	196
Retail trade	-16	48
Other industries	60	172
Grand total	456	768

More than two-thirds of the total investment in manufacturing inventories was concentrated in the stocks of non-durable goods industries. Significant increases were recorded in the stocks of tobacco, paper and chemicals industries, while other non-durable goods industries showed mixed movements. The stocks of durable manufacturing industries showed a moderate accumulation due to offsetting movements within these industries. By stages of production, there was a strong increase in the stocks of finished goods, a moderate increase in the stocks of raw materials and stocks at the goods-in-process level declined nominally. The stock-to-shipments ratio for manufacturing as a whole was fractionally higher than that of the previous quarter.

Wholesale traders showed a substantial build-up of their stocks. The major part of this accumulation, in spite of offsetting movements, was concentrated in the stocks of durable goods trades. Mixed movements within the stocks of non-durable goods trades resulted in a nominal overall increase. The stock-to-sales ratio for wholesale trade was much higher than usual.

Stocks of retail trades increased very little. A noticeable liquidation in the stocks of motor vehicle dealers, food, drugs, and liquor trades was to some extent offset by an increase in the stocks of other durable and non-durable categories. The stock-to-sales ratio for retail trade as a whole was higher than that of the previous quarter.

Exports and Imports of Goods and Services

The balance on Canada's transactions with non-residents for goods and services moved from a deficit of \$604 million in the fourth to a surplus of \$868 million, seasonally adjusted at annual rates, in the first quarter - the first surplus since the second quarter of 1968. The improvement of \$1,472 million resulted from a gain of \$1,672 million in merchandise trade, partly offset by a deterioration of \$200 million in non-merchandise trade.

Sharp export gains on a seasonally adjusted basis were made in wheat, crude petroleum and lumber. Increases were also registered for wood pulp, newsprint, and aircraft engines and parts. This strong gain in exports was realized mainly in non-U.S. markets, as automobiles exported to the United States declined substantially - contributing to an overall decrease in exports to this country.

Declines were widespread among traditional imports. Purchases of fabricated steel and non-ferrous alloys were smaller. In line with the smaller machinery and equipment investment for the quarter, imports of industrial machinery, tractors, communication equipment and office machinery declined. Imports of automobile products also dropped sharply.

The impetus for the larger deficit arising from non-merchandise items came mainly from an increase in interest and dividend payments.

Transactions with Non-Residents
Seasonally Adjusted at Annual Rates
(National Accounts Basis)

		<u>Goods</u>			<u>Services</u>			Current Balance
		Exports	Imports	Net	Exports	Imports	Net	
millions of dollars								
1969	..... Q1	14,872	13,932	940	3,492	5,136	-1,644	-704
	..... Q2	14,428	13,692	736	3,636	5,340	-1,704	-968
	..... Q3	14,600	13,924	676	3,588	5,452	-1,864	-1,188
	..... Q4	15,644	14,524	1,120	3,660	5,384	-1,724	-604
1970	..... Q1	17,048	14,256	2,792	4,068	5,992	-1,924	868
<u>Per Cent Change 4Q'69 to 1Q'70</u>								
		9.0	-1.8		11.1	11.3		

The Components of Income

Labour Income

During the first quarter, total labour income increased by 3 per cent. The goods-producing and the service-producing industries contributed about equally to this increase which was .5 per cent more than the gain recorded during the fourth quarter of 1969.

Wages and salaries in the goods-producing industries increased by about 3 per cent. This was slightly less than the increase recorded in the fourth quarter but about .5 per cent more than the average quarterly gain for 1969. Manufacturing increased by almost 2 per cent and construction by about 5.4 per cent despite declines recorded in employment. The primary industries advanced by 6.5 per cent with increases of about 7.4 per cent in forestry, 8.9 per cent in mining and no change in agriculture. Mining had been seriously affected by labour disputes in the fourth quarter of 1969.

The increase of income in the service-producing industries was 3 per cent compared to 1.8 per cent in the fourth quarter. Transportation, communication and other utilities, and finance, insurance and real estate increased by about 2.5 per cent and trade by almost 2 per cent. These increases resulted from similar increases in employment and earnings. Services advanced by 4.5 per cent with employment increasing at a higher rate than earnings in the non-commercial sector and at a lower rate in the commercial sector. Public administration increased by only .5 per cent from the fourth quarter which was inflated by retroactive payments.

Corporation Profits

According to a preliminary global estimate, corporate profits in the first quarter of 1970 showed an increase of 3.4 per cent, at seasonally adjusted rates, following the .2 per cent increase in the final quarter of 1969. Without adjusting for seasonality, profits in the first quarter of 1970 were 3.9 per cent lower than in the same quarter last year.

Net Income of Non-farm Unincorporated Business Including Rent

Net income of non-farm unincorporated business including rent rose slightly, by about 1.5 per cent in the first quarter, seasonally adjusted at annual rates. Net income in the finance, insurance and real estate group increased by the largest amount, but this was partially offset by declines in the construction and trade industries. Changes in other industry groups were insignificant.

Accrued Net Income of Farm Operators from Farm Production

Accrued net income of farm operators from farm production declined by almost 8 per cent in the first quarter. The drop is attributable to a lower estimated value of crop production in 1970 ^{2/}, although this was offset somewhat by lower operating expenses and by an increase in Canadian Wheat Board profits as wheat exports rose substantially from the low levels of late 1969.

Real Domestic Product

Real Domestic Product at factor cost, seasonally adjusted, increased by 0.7 per cent in the first quarter of 1970, following a fairly strong increase in the fourth quarter of 1969. The bulk of the increase in the first quarter originated in mining, where recovery from strikes in the metal mining industry during the fourth quarter and strong demand from the United States for Canadian oil and gas provided considerable impetus to production. Advances were also recorded in transportation and storage (due to increased handling of grain exports by railways and grain elevators) and some of the other service industries. Wholesale and retail trade, agriculture and construction, on the other hand, declined from their fourth quarter levels. Manufacturing showed a fractional decline, with a substantial drop in motor vehicle production.

^{2/} In the first quarter, estimates of crop production are normally based on acreage intentions and ten-year average yields. This year an adjustment has been made to the acreage intentions to take account of the Wheat Inventory Reduction Programme introduced by the federal government. On these assumptions, the value of crop production in 1970 is \$1.0 billion compared with \$1.4 billion in 1969.

TABLES UNADJUSTED FOR SEASONAL VARIATION

TABLE 1. National Income and Gross National Product, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	8,253	8,771	9,190	9,061	35,275	8,926	9,519	9,977	10,071	38,493
2. Military pay and allowances	210	207	223	199	839	213	194	218	235	860
3. Corporation profits before taxes(1)*	1,500	1,803	1,640	1,831	6,774	1,567	1,988	1,799	2,088	7,442
4. Deduct: Dividends paid to non-residents(2)	- 171	- 160	- 198	- 325	- 854	- 200	- 195	- 200	- 262	- 857
5. Interest, and miscellaneous investment income(3)	592	549	560	634	2,335	612	592	656	720	2,580
6. Accrued net income of farm operators from farm production(4)	- 73	38	1,363	- 22	1,306	- 118	- 105	1,636	58	1,471
7. Net income of non-farm unincorporated business including rent(5)	867	970	1,016	1,073	3,926	955	1,060	1,065	1,138	4,218
8. Inventory valuation adjustment(6)	- 131	- 43	- 45	- 104	- 323	- 108	- 53	- 29	- 127	- 317
9. NET NATIONAL INCOME AT FACTOR COST ...	11,047	12,135	13,749	12,347	49,278	11,847	13,000	15,122	13,921	53,890
10. Indirect taxes less subsidies	2,164	2,169	2,185	2,268	8,786	2,340	2,345	2,427	2,565	9,677
11. Capital consumption allowances and miscellaneous valuation adjustments	1,900	1,998	1,964	2,015	7,877	2,003	2,131	2,124	2,153	8,411
12. Residual error of estimate	- 234	- 101	- 56	172	- 219	- 229	- 236	- 110	24	- 551
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	14,877	16,201	17,842	16,802	65,722	15,961	17,240	19,563	18,663	71,427
14. (Gross national product at market prices excluding accrued net income of farm operators)	(14,950)	(16,163)	(16,479)	(16,824)	(64,416)	(16,079)	(17,345)	(17,927)	(18,605)	(69,956)

See footnotes below.

TABLE 1. National Income and Gross National Product, by Quarters, 1969 and 1970
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	10,088	10,695	11,215	11,205	43,203	11,160				
2. Military pay and allowances	214	224	222	238	898	229				
3. Corporation profits before taxes(1)*	1,845	2,203	1,801	2,003	7,852	1,774				
4. Deduct: Dividends paid to non-residents(2)	- 195	- 171	- 175	- 296	- 837	-236				
5. Interest, and miscellaneous investment income(3)	805	741	796	854	3,196	860				
6. Accrued net income of farm operators from farm production(4)	- 115	10	1,713	87	1,695	9				
7. Net income of non-farm unincorporated business including rent(5)	1,000	1,108	1,124	1,178	4,410	1,057				
8. Inventory valuation adjustment(6)	- 156	- 156	- 74	- 163	- 549	-104				
9. NET NATIONAL INCOME AT FACTOR COST ...	13,486	14,654	16,622	15,106	59,868	14,749				
10. Indirect taxes less subsidies	2,568	2,592	2,676	2,811	10,647	2,725				
11. Capital consumption allowances and miscellaneous valuation adjustments	2,160	2,246	2,300	2,360	9,066	2,395				
12. Residual error of estimate	- 437	- 387	- 279	59	-1,044	-533				
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	17,777	19,105	21,319	20,336	78,537	19,336				
14. (Gross national product at market prices excluding accrued net income of farm operators)	(17,892)	(19,095)	(19,606)	(20,249)	(76,842)	(19,327)				

(1) Excludes profits of government business enterprises. *See Technical Note re Corporation and Labour Unions Returns Act, page 4.

(2) Includes the withholding tax applicable to this item.

(3) Includes profits (net of losses) of government business enterprises and other government investment income.

(4) Includes value of physical change in farm inventories as shown in line 14, Table 5. An adjustment has been made to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board.

(5) Includes net income of independent professional practitioners.

(6) See footnote 4, Table 2.

TABLE 2. Gross National Expenditure, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	8,900	9,651	9,480	10,967	38,998	9,716	10,380	10,344	11,920	42,360
2. Government current expenditure on goods and services (1)	2,713	2,669	2,708	2,844	10,934	3,023	2,833	3,023	3,279	12,158
3. Gross fixed capital formation	3,516	4,074	4,209	3,885	15,684	3,440	3,968	4,254	4,147	15,809
4. Government (2)	577	692	916	784	2,969	589	700	917	789	2,995
5. Residential construction	3	3	3	4	13	2	3	4	4	13
6. Non-residential construction	485	613	812	689	2,599	486	617	811	688	2,602
7. Machinery and equipment	89	76	101	91	357	101	80	102	97	380
8. Business (3)	2,939	3,382	3,293	3,101	12,715	2,851	3,268	3,337	3,358	12,814
9. Residential construction	537	643	831	798	2,809	620	773	900	956	3,254
10. Non-residential construction	988	1,103	1,288	1,154	4,533	963	1,100	1,297	1,182	4,542
11. Machinery and equipment	1,414	1,636	1,174	1,149	5,373	1,268	1,395	1,140	1,215	5,018
12. Value of physical change in inventories	-194	-41	1,214	-571	408	-217	-132	1,525	-435	741
13. Government	-22	17	35	-1	29	-21	14	37	-1	29
Business										
14. Non-farm (4)	278	79	115	-105	367	236	39	181	17	473
15. Farm and grain in commercial channels	-450	-137	1,064	-465	12	-432	-185	1,307	-451	239
16. Exports of goods and services	3,175	3,846	3,926	3,766	14,713	3,608	4,312	4,464	4,411	16,795
17. Deduct: Imports of goods and services	-3,467	-4,099	-3,751	-3,918	-15,235	-3,838	-4,357	-4,158	-4,635	-16,988
18. Residual error of estimate	234	101	56	-171	220	229	236	111	-24	552
19. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	14,877	16,201	17,842	16,802	65,722	15,961	17,240	19,563	18,663	71,427

(1) Includes defence expenditures. Data for the years 1967-1968 are shown in line 3, Table 7.

(2) Includes outlay on new durable assets such as building and highway construction by governments, other than government business enterprises. Excludes defence construction and equipment which are defined as current expenditure.

(3) Includes capital expenditures by private and government business enterprises, private non-commercial institutions and outlays on new residential construction by individuals. Capital expenditure is defined to include all transfer costs on the sales and purchases of existing fixed assets.

(4) The book value of inventories is deflated to remove the effect of price changes and the derived "physical" change is then valued at average prices of the current period to obtain the value of physical change. The difference between this value of physical change and the change in book value is called the inventory valuation adjustment (see line 8, Table 1).

TABLE 3. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. GROSS NATIONAL PRODUCT AT MARKET PRICES	14,877	16,201	17,842	16,802	65,722	15,961	17,240	19,563	18,663	71,427
2. Deduct: Residual error of estimate	234	101	56	-172	219	229	236	110	-24	551
3. Indirect taxes less subsidies	-2,164	-2,169	-2,185	-2,268	-8,786	-2,340	-2,345	-2,427	-2,565	-9,677
4. Income received from non-residents	-114	-95	-107	-148	-464	-126	-140	-141	-176	-583
5. Add: Income paid to non-residents ..	365	409	389	570	1,733	426	461	420	534	1,841
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	13,198	14,447	15,995	14,784	58,424	14,150	15,452	17,525	16,432	63,559

TABLE 2. Gross National Expenditure, by Quarters, 1969 and 1970
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	10,710	11,501	11,339	12,981	46,531	11,340				
2. Government current expenditure on goods and services(1)	3,371	3,235	3,513	3,655	13,774	3,888				
3. Gross fixed capital formation	3,653	4,360	4,577	4,421	17,011	3,710				
4. Government (2)	589	701	917	786	2,993	605				
5. Residential construction	2	3	4	3	12	5				
6. Non-residential construction	492	620	824	703	2,639	516				
7. Machinery and equipment	95	78	89	80	342	84				
8. Business (3)	3,064	3,659	3,660	3,635	14,018	3,105				
9. Residential construction	765	974	1,062	1,053	3,854	774				
10. Non-residential construction	996	1,132	1,338	1,236	4,702	1,032				
11. Machinery and equipment	1,303	1,553	1,260	1,346	5,462	1,299				
12. Value of physical change in inventories	- 117	- 20	1,605	- 425	1,043	- 148				
13. Government	- 24	13	31	- 14	6	- 26				
Business										
14. Non-farm(4)	393	2	95	44	534	320				
15. Farm and grain in commercial channels	- 486	- 35	1,479	- 455	503	- 442				
16. Exports of goods and services	4,127	4,704	4,766	4,883	18,480	4,705				
17. Deduct: Imports of goods and services	- 4,404	- 5,062	- 4,760	- 5,120	- 19,346	- 4,693				
18. Residual error of estimate	437	387	279	- 59	1,044	534				
19. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	17,777	19,105	21,319	20,336	78,537	19,336				

(1) Includes defence expenditures. Data for year 1969 and the first quarter 1970 are shown in line 3, Table 7.

(2) Includes outlay on new durable assets such as building and highway construction by governments, other than government business enterprises. Excludes defence construction and equipment which are defined as current expenditure.

(3) Includes capital expenditures by private and government business enterprises, private non-commercial institutions and outlays on new residential construction by individuals. Capital expenditure is defined to include all transfer costs on the sales and purchases of existing fixed assets.

(4) The book value of inventories is deflated to remove the effect of price changes and the derived "physical" change is then valued at average prices of the current period to obtain the value of physical change. The difference between this value of physical change and the change in book value is called the inventory valuation adjustment (see line 8, Table 1).

TABLE 3. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1969 and 1970
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. GROSS NATIONAL PRODUCT AT MARKET PRICES	17,777	19,105	21,319	20,336	78,537	19,336				
2. Deduct: Residual error of estimate ...	437	387	279	- 59	1,044	533				
3. Indirect taxes less subsidies	- 2,568	- 2,592	- 2,676	- 2,811	- 10,647	- 2,725				
4. Income received from non-residents	- 170	- 200	- 172	- 228	- 770	- 239				
5. Add: Income paid to non-residents	447	492	442	605	1,986	562				
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	15,923	17,192	19,192	17,843	70,150	17,467				

TABLE 4. Sources of Personal Income, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	8,253	8,771	9,190	9,061	35,275	8,926	9,519	9,977	10,071	38,493
2. Military pay and allowances	210	207	223	199	839	213	194	218	235	860
3. Net income received by farm operators from farm production(1)	176	- 61	1,310	- 46	1,379	- 20	95	1,596	19	1,690
4. Net income of non-farm unincorporated business including rent	867	970	1,016	1,073	3,926	955	1,060	1,065	1,138	4,218
5. Interest, dividends, and miscellaneous investment income(2)	938	977	982	1,084	3,981	1,037	1,093	1,088	1,169	4,387
<u>Current transfers</u>										
6. From government	1,191	1,144	1,103	1,207	4,645	1,331	1,307	1,319	1,395	5,352
7. Transfer payments to persons	1,189	1,143	1,102	1,206	4,640	1,329	1,306	1,317	1,394	5,346
8. Capital assistance	2	1	1	1	5	2	1	2	1	6
9. From corporations(3)	30	30	29	31	120	32	32	31	32	127
10. From non-residents	10	11	11	11	43	10	11	11	11	43
11. PERSONAL INCOME	11,675	12,049	13,864	12,620	50,208	12,484	13,311	15,305	14,070	55,170

See footnotes below.

TABLE 4. Sources of Personal Income, by Quarters, 1969 and 1970
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	10,088	10,695	11,215	11,205	43,203	11,160				
2. Military pay and allowances	214	224	222	238	898	229				
3. Net income received by farm operators from farm production(1)	- 115	13	1,691	55	1,644	- 31				
4. Net income of non-farm unincorporated business including rent	1,000	1,108	1,124	1,178	4,410	1,057				
5. Interest, dividends, and miscellaneous investment income(2)	1,148	1,227	1,233	1,345	4,953	1,281				
<u>Current transfers</u>										
6. From government	1,518	1,492	1,492	1,562	6,064	1,753				
7. Transfer payments to persons	1,517	1,491	1,490	1,562	6,060	1,753				
8. Capital assistance	1	1	2	-	4	-				
9. From corporations(3)	31	32	32	32	127	32				
10. From non-residents	11	11	11	11	44	11				
11. PERSONAL INCOME	13,895	14,802	17,020	15,626	61,343	15,492				

(1) This item differs from line 6, Table 1 by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.

(2) Includes all interest on the public debt paid by government to persons.

(3) Charitable contributions and bad debt allowances.

TABLE 5. Disposition of Personal Income, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	8,900	9,651	9,480	10,967	38,998	9,716	10,380	10,344	11,920	42,360
2. Durable goods	1,087	1,425	1,234	1,312	5,058	1,205	1,470	1,349	1,485	5,509
3. Semi-durable goods	809	1,026	1,024	1,439	4,298	876	1,077	1,069	1,545	4,567
4. Non-durable goods	3,461	3,603	3,762	4,444	15,270	3,792	3,870	3,997	4,784	16,443
5. Services(1)	3,543	3,597	3,460	3,772	14,372	3,843	3,963	3,929	4,106	15,841
<u>Current transfers</u>										
To government										
6. Income taxes	1,214	1,166	1,224	1,300	4,904	1,442	1,415	1,452	1,613	5,922
7. Succession duties and estate taxes	54	51	53	57	215	59	56	62	58	235
8. Employer and employee contributions to social insurance and government pension funds	450	503	509	430	1,892	504	531	537	518	2,090
9. Other	137	97	80	91	405	158	123	115	143	539
10. To corporations(2)	86	88	92	94	360	95	97	101	105	398
11. To non-residents	28	51	32	27	138	28	28	27	27	110
12. Personal saving	806	442	2,394	- 346	3,296	482	681	2,667	- 314	3,516
13. Personal saving excluding change in farm inventories	1,226	575	1,447	197	3,445	914	788	1,327	254	3,283
14. Value of physical change in farm inventories	- 420	- 133	947	- 543	- 149	- 432	- 107	1,340	- 568	233
15. PERSONAL INCOME	11,675	12,049	13,864	12,620	50,208	12,484	13,311	15,305	14,070	55,170
16. (Personal disposable income) (15-6-7-8-9)	(9,820)	(10,232)	(11,998)	(10,742)	(42,792)	(10,321)	(11,186)	(13,139)	(11,738)	(46,384)

See footnotes below.

TABLE 5. Disposition of Personal Income, by Quarters, 1969-1970
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	10,710	11,501	11,339	12,981	46,531	11,340				
2. Durable goods	1,345	1,567	1,422	1,586	5,920	1,278				
3. Semi-durable goods	975	1,215	1,139	1,663	4,992	1,006				
4. Non-durable goods	4,110	4,271	4,371	5,179	17,931	4,427				
5. Services(1)	4,280	4,448	4,407	4,553	17,688	4,629				
<u>Current transfers</u>										
To government										
6. Income taxes	1,643	1,914	1,885	2,027	7,469	2,034				
7. Succession duties and estate taxes	59	58	60	60	237	58				
8. Employer and employee contributions to social insurance and government pension funds	573	627	618	523	2,341	597				
9. Other	235	165	157	237	794	301				
10. To corporations(2)	110	114	117	119	460	120				
11. To non-residents	30	29	32	32	123	36				
12. Personal saving	535	394	2,812	- 353	3,388	1,006				
13. Personal saving excluding change in farm inventories	1,025	424	1,513	111	3,073	1,429				
14. Value of physical change in farm inventories	- 490	- 30	1,299	- 464	315	- 423				
15. PERSONAL INCOME	13,895	14,802	17,020	15,626	61,343	15,492				
16. (Personal disposable income) (15-6-7-8-9)	(11,385)	(12,038)	(14,300)	(12,779)	(50,502)	(12,502)				

(1) Includes net expenditure abroad.

(2) This item is the transfer portion of interest on the consumer debt.

TABLE 6. Government Revenue, by Level of Government, by Quarter, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Direct taxes - Persons	1,718	1,720	1,786	1,787	7,011	2,005	2,002	2,051	2,189	8,247
2. Federal	1,027	1,075	1,072	1,117	4,291	1,230	1,242	1,240	1,395	5,107
3. Provincial	486	402	480	503	1,871	547	495	563	610	2,215
4. Local	-	-	-	-	-	-	-	-	-	-
5. Canada Pension Plan	152	179	172	121	624	168	193	191	134	686
6. Quebec Pension Plan	53	64	62	46	225	60	72	57	50	239
7. Direct taxes - Corporate and government business enterprises	544	643	574	636	2,397	615	729	664	801	2,809
8. Federal(1)	404	479	430	473	1,786	461	546	498	600	2,105
9. (Federal tax collections)(1)	(404)	(572)	(433)	(414)	(1,823)	(411)	(486)	(563)	(431)	(1,891)
10. Provincial(2)	140	164	144	163	611	154	183	166	201	704
11. (Provincial tax collections)	(149)	(161)	(162)	(140)	(612)	(180)	(166)	(187)	(150)	(683)
12. Direct taxes-Non-residents-Federal(3)	41	66	37	74	218	49	60	40	60	209
13. Indirect taxes	2,281	2,316	2,387	2,458	9,442	2,467	2,475	2,628	2,750	10,320
14. Federal	878	940	919	968	3,705	855	905	948	1,053	3,761
15. Provincial	717	689	778	798	2,982	838	795	902	916	3,451
16. Local	686	687	690	692	2,755	774	775	778	781	3,108
17. Other current transfers from persons	137	97	80	91	405	158	123	115	143	539
18. Federal	1	1	-	1	3	1	1	1	1	4
19. Provincial	123	81	63	74	341	142	105	97	125	469
20. Local	13	14	16	15	58	15	16	16	16	63
21. Hospitals	-	1	1	1	3	-	1	1	1	3
22. Investment income	306	362	326	439	1,433	349	384	391	453	1,577
23. Federal	130	197	183	239	749	156	206	202	216	780
24. Provincial	155	137	117	167	576	163	135	153	185	636
25. Local	13	20	15	20	68	15	22	17	23	77
26. Hospitals	1	1	1	0	3	1	1	1	1	4
27. Canada Pension Plan	7	7	10	13	37	14	20	18	28	80
28. Current transfers from other levels of government	1,230	1,506	1,415	1,490	5,641	1,500	1,814	1,610	1,713	6,637
29. Provinces - From Canada	410	517	470	503	1,900	576	613	552	619	2,360
30. - From local governments	12	7	9	10	38	10	10	11	14	45
31. Local governments - From Canada	36	21	25	10	92	15	40	19	18	92
32. - From provinces	398	599	546	584	2,127	463	723	595	623	2,404
33. Hospitals - From provinces	370	358	360	378	1,466	431	423	428	433	1,715
34. - From local governments	4	4	5	5	18	5	5	5	6	21
35. TOTAL REVENUE	6,257	6,710	6,605	6,975	26,547	7,143	7,587	7,499	8,109	30,338
36. Federal	2,481	2,758	2,641	2,872	10,752	2,752	2,960	2,929	3,325	11,966
37. Provincial	2,043	1,997	2,061	2,218	8,319	2,430	2,336	2,444	2,670	9,880
38. Local	1,146	1,341	1,292	1,321	5,100	1,282	1,576	1,425	1,461	5,744
39. Hospitals	375	364	367	384	1,490	437	430	435	441	1,743
40. Canada Pension Plan	159	186	182	134	661	182	213	209	162	766
41. Quebec Pension Plan	53	64	62	46	225	60	72	57	50	239
42. Capital consumption allowances (For use of own capital)	224	228	232	237	921	239	244	250	255	988
43. Federal	44	44	45	46	179	46	47	48	50	191
44. Provincial	73	74	75	77	299	78	79	80	82	319
45. Local	88	90	92	94	364	95	97	100	101	393
46. Hospitals.....	19	20	20	20	79	20	21	22	22	85
47. TOTAL REVENUE AND CAPITAL CONSUMPTION ALLOWANCES	6,481	6,938	6,837	7,212	27,468	7,382	7,831	7,749	8,364	31,326
48. FEDERAL	2,525	2,802	2,686	2,918	10,931	2,798	3,007	2,977	3,375	12,157
49. PROVINCIAL	2,116	2,071	2,136	2,295	8,618	2,508	2,415	2,524	2,752	10,199
50. LOCAL	1,234	1,431	1,384	1,415	5,464	1,377	1,673	1,525	1,562	6,137
51. HOSPITALS	394	384	387	404	1,569	457	451	457	463	1,828
52. CANADA PENSION PLAN	159	186	182	134	661	182	213	209	162	766
53. QUEBEC PENSION PLAN	53	64	62	46	225	60	72	57	50	239

(1) Excludes the refundable tax on corporate cash profits introduced May 1966. Refunding of the tax began in 1968. The amounts are as follows:

1967				
I	II	III	IV	Year
64	27	10	8	109

1968				
I	II	III	IV	Year
-5	9	-52	-35	-83

(2) For the year 1950-1956 the data refer to provincial income tax collections; from 1957 on they refer to tax liabilities.

(3) Withholding taxes.

TABLE 6. Government Revenue, by Level of Government, by Quarters, 1969 and 1970
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Direct taxes - Persons	2,275	2,599	2,563	2,610	10,047	2,689				
2. Federal(1)	1,446	1,684	1,636	1,735	6,501	1,741				
3. Provincial	580	614	650	695	2,539	690				
4. Local	-	-	-	-	-	-				
5. Canada Pension Plan	180	219	208	131	738	188				
6. Quebec Pension Plan	69	82	69	49	269	70				
7. Direct taxes - Corporate and government business enterprises	754	841	686	789	3,070	702				
8. Federal(2)	564	628	512	590	2,294	525				
9. (Federal tax collections)(2)	(633)	(941)	(636)	(559)	(2,769)	(683)				
10. Provincial(3)	190	213	174	199	776	177				
11. (Provincial tax collections)	(242)	(240)	(237)	(183)	(902)	(261)				
12. Direct taxes-Non-residents-Federal(4)	46	73	48	65	232	61				
13. Indirect taxes	2,711	2,737	2,881	2,993	11,322	2,874				
14. Federal	929	983	1,011	1,101	4,024	916				
15. Provincial	928	898	1,012	1,033	3,871	1,010				
16. Local	854	856	858	859	3,427	948				
17. Other current transfers from persons	235	165	157	237	794	301				
18. Federal	1	1	1	1	4	1				
19. Provincial	217	146	138	217	718	283				
20. Local	17	17	17	18	69	17				
21. Hospitals	-	1	1	1	3	-				
22. Investment income	477	506	471	591	2,045	541				
23. Federal	229	254	238	315	1,036	252				
24. Provincial	206	192	184	206	788	228				
25. Local	19	24	20	25	88	22				
26. Hospitals	1	1	1	2	5	1				
27. Canada Pension Plan	22	35	28	43	128	38				
28. Current transfers from other levels of government	1,704	2,179	1,644	1,835	7,362	1,913				
29. Provinces - From Canada	671	678	615	666	2,630	760				
30. - From local governments	12	11	8	13	44	13				
31. Local governments - From Canada	25	26	29	18	98	15				
32. - From provinces	498	974	503	631	2,606	561				
33. Hospitals - From provinces	493	484	483	501	1,961	559				
34. - From local governments	5	6	6	6	23	5				
35. TOTAL REVENUE	8,202	9,100	8,450	9,120	34,872	9,081				
36. Federal	3,215	3,623	3,446	3,807	14,091	3,496				
37. Provincial	2,804	2,752	2,781	3,029	11,366	3,161				
38. Local	1,413	1,897	1,427	1,551	6,288	1,563				
39. Hospitals	499	492	491	510	1,992	565				
40. Canada Pension Plan	202	254	236	174	866	226				
41. Quebec Pension Plan	69	82	69	49	269	70				
42. Capital consumption allowances (For use of own capital)	261	268	274	280	1,083	287				
43. Federal	50	52	53	54	209	55				
44. Provincial	83	85	86	86	340	88				
45. Local	106	108	111	115	440	119				
46. Hospitals	22	23	24	25	94	25				
47. TOTAL REVENUE AND CAPITAL CONSUMPTION ALLOWANCES	8,463	9,368	8,724	9,400	35,955	9,368				
48. FEDERAL	3,265	3,675	3,499	3,861	14,300	3,551				
49. PROVINCIAL	2,887	2,837	2,867	3,115	11,706	3,249				
50. LOCAL	1,519	2,005	1,538	1,666	6,728	1,682				
51. HOSPITALS	521	515	515	535	2,086	590				
52. CANADA PENSION PLAN	202	254	236	174	866	226				
53. QUEBEC PENSION PLAN	69	82	69	49	269	70				

(1) Includes the newly imposed taxes on life insurance companies. At the present time, for national accounts purposes, life insurance companies are treated as association of individuals in so far as their investment activities are concerned. The new taxes are thus included here pending a complete review of the treatment of insurance.

(2) Excludes the refundable tax on corporate cash profits introduced May 1966. Refunding of the tax began in 1968. The amounts are as follows:

1969					1970				
I	II	III	IV	Year	I	II	III	IV	Year
-16	-34	-23	-36	-109	-10				

(3) For the year 1950-1956 the data refer to provincial income tax collections; from 1957 on they refer to tax liabilities.

(4) Withholding taxes.

TABLE 7. Government Expenditure, by Level of Government, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Current expenditure on goods and services	2,713	2,669	2,708	2,844	10,934	3,023	2,833	3,023	3,279	12,158
2. Federal	933	843	906	892	3,574	1,002	845	930	1,015	3,792
3. (Defence)	(470)	(426)	(471)	(438)	(1,805)	(481)	(419)	(433)	(479)	(1,812)
4. Provincial	618	550	522	560	2,250	668	555	633	704	2,560
5. Local	826	925	913	1,010	3,674	966	1,041	1,063	1,157	4,227
6. Hospitals	336	351	367	382	1,436	387	392	397	403	1,579
7. Transfer payments to persons	1,189	1,143	1,102	1,206	4,640	1,329	1,306	1,317	1,394	5,346
8. Federal	770	777	685	700	2,932	856	878	757	786	3,277
9. Provincial	397	343	394	482	1,616	449	401	526	577	1,953
10. Local	22	23	23	24	92	23	24	30	24	101
11. Canada Pension Plan	-	-	-	-	-	1	2	3	5	11
12. Quebec Pension Plan	-	-	-	-	-	-	1	1	2	4
13. Subsidies	117	147	202	190	656	127	130	201	185	643
14. Federal	91	134	146	153	524	104	114	141	159	518
15. Provincial	26	13	56	37	132	23	16	60	26	125
16. Capital assistance	18	16	13	27	74	21	13	32	20	86
17. Federal	14	16	12	26	68	20	10	27	15	72
18. Provincial	4	-	1	1	6	1	3	5	5	14
19. Current transfers to non-residents- Federal	61	88	30	37	216	24	49	59	38	170
20. Interest on the public debt.	428	528	462	556	1,974	505	609	559	595	2,268
21. Federal(1)	283	314	320	328	1,245	308	370	378	353	1,409
22. Provincial	89	85	73	110	357	117	111	93	126	447
23. Local	56	129	69	118	372	80	128	88	116	412
24. Current transfers to other levels of government	1,230	1,506	1,415	1,490	5,641	1,500	1,814	1,610	1,713	6,637
25. Canada - To provinces	410	517	470	503	1,900	576	613	552	619	2,360
26. - To local governments	36	21	25	10	92	15	40	19	18	92
27. Provinces - To local governments ...	398	599	546	584	2,127	463	723	595	623	2,404
28. - To hospitals	370	358	360	378	1,466	431	423	428	433	1,715
29. Local governments - To provinces ...	12	7	9	10	38	10	10	11	14	45
30. - To hospitals ...	4	4	5	5	18	5	5	5	6	21
31. Total current expenditure	5,756	6,097	5,932	6,350	24,135	6,529	6,754	6,801	7,224	27,308
32. Federal	2,598	2,710	2,594	2,649	10,551	2,905	2,919	2,863	3,003	11,690
33. Provincial	1,902	1,948	1,952	2,152	7,954	2,152	2,232	2,340	2,494	9,218
34. Local	920	1,088	1,019	1,167	4,194	1,084	1,208	1,197	1,317	4,806
35. Hospitals	336	351	367	382	1,436	387	392	397	403	1,579
36. Canada Pension Plan	-	-	-	-	-	1	2	3	5	11
37. Quebec Pension Plan	-	-	-	-	-	-	1	1	2	4
38. Balance before capital transactions(2)	501	613	673	625	2,412	614	833	698	885	3,030
39. Federal	-117	48	47	223	201	-153	41	66	322	276
40. Provincial	141	49	109	66	365	278	104	104	176	662
41. Local	226	253	273	154	906	198	368	228	144	938
42. Hospitals	39	13	0	2	54	50	38	38	38	164
43. Canada Pension Plan	159	186	182	134	661	181	211	206	157	755
44. Quebec Pension Plan	53	64	62	46	225	60	71	56	48	235
45. Gross capital formation	555	709	951	783	2,998	568	714	954	788	3,024
46. Federal	82	107	156	120	465	102	104	163	131	500
47. Provincial	233	226	298	289	1,046	216	188	277	277	958
48. Local	194	328	444	323	1,289	202	369	455	323	1,349
49. Hospitals	46	48	53	51	198	48	53	59	57	217
50. TOTAL EXPENDITURE	6,311	6,806	6,883	7,133	27,133	7,097	7,468	7,755	8,012	30,332
51. Federal	2,680	2,817	2,750	2,769	11,016	3,007	3,023	3,026	3,134	12,190
52. Provincial	2,135	2,174	2,250	2,441	9,000	2,368	2,420	2,617	2,771	10,176
53. Local	1,114	1,416	1,463	1,490	5,483	1,286	1,577	1,652	1,640	6,155
54. Hospitals	382	399	420	433	1,634	435	445	456	460	1,796
55. Canada Pension Plan	-	-	-	-	-	1	2	3	5	11
56. Quebec Pension Plan	-	-	-	-	-	-	1	1	2	4
57. DEFICIT(-) OR SURPLUS(+)	170	132	-46	79	335	285	363	-6	352	994
58. FEDERAL	-155	-15	-64	149	-85	-209	-16	-49	241	-33
59. PROVINCIAL	-19	-103	-114	-146	-382	140	-5	-93	-19	23
60. LOCAL	120	15	-79	-75	-19	91	96	-127	-78	-18
61. HOSPITALS	12	-15	-33	-29	-65	22	6	1	3	32
62. CANADA PENSION PLAN	159	186	182	134	661	181	211	206	157	755
63. QUEBEC PENSION PLAN	53	64	62	46	225	60	71	56	48	235

(1) From 1951, interest on the federal public debt is on an accrual basis; prior to 1951 it is on a "due date" basis.

(2) See line 7, Table 9.

TABLE 7. Government Expenditure, by Level of Government, by Quarters, 1969 and 1970
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Current expenditure on goods and services	3,371	3,235	3,513	3,655	13,774	3,888				
2. Federal	1,139	953	1,112	1,111	4,315	1,270				
3. (Defence)	(493)	(396)	(454)	(463)	(1,806)	(522)				
4. Provincial	703	624	680	801	2,808	876				
5. Local	1,111	1,225	1,274	1,281	4,891	1,269				
6. Hospitals	418	433	447	462	1,760	473				
7. Transfer payments to persons	1,517	1,491	1,490	1,562	6,060	1,753				
8. Federal	966	940	847	849	3,602	1,066				
9. Provincial	518	513	601	670	2,302	645				
10. Local	25	26	27	27	105	23				
11. Canada Pension Plan	6	9	11	12	38	15				
12. Quebec Pension Plan	2	3	4	4	13	4				
13. Subsidies	143	145	205	182	675	149				
14. Federal	120	134	151	155	560	131				
15. Provincial	23	11	54	27	115	18				
16. Capital assistance	20	28	23	36	107	29				
17. Federal	16	26	17	29	88	25				
18. Provincial	4	2	6	7	19	4				
19. Current transfers to non-residents- Federal	26	58	56	42	182	40				
20. Interest on the public debt	577	700	624	720	2,621	691				
21. Federal(1)	341	416	404	428	1,589	427				
22. Provincial	155	145	127	160	587	175				
23. Local	81	139	93	132	445	89				
24. Current transfers to other levels of government	1,704	2,179	1,644	1,835	7,362	1,913				
25. Canada - To provinces	671	678	615	666	2,630	760				
26. - To local governments	25	26	29	18	98	15				
27. Provinces - To local governments ...	498	974	503	631	2,606	561				
28. - To hospitals	493	484	483	501	1,961	559				
29. Local governments - To provinces ...	12	11	8	13	44	13				
30. - To hospitals ...	5	6	6	6	23	5				
31. Total current expenditure	7,358	7,836	7,555	8,032	30,781	8,463				
32. Federal	3,304	3,231	3,231	3,298	13,064	3,734				
33. Provincial	2,394	2,753	2,454	2,797	10,398	2,838				
34. Local	1,234	1,407	1,408	1,459	5,508	1,399				
35. Hospitals	418	433	447	462	1,760	473				
36. Canada Pension Plan	6	9	11	12	38	15				
37. Quebec Pension Plan	2	3	4	4	13	4				
38. Balance before capital transactions(2)	844	1,264	895	1,088	4,091	618				
39. Federal	-89	392	215	509	1,027	- 238				
40. Provincial	410	-1	327	232	968	323				
41. Local	179	490	19	92	780	164				
42. Hospitals	81	59	44	48	232	92				
43. Canada Pension Plan	196	245	225	162	828	211				
44. Quebec Pension Plan	67	79	65	45	256	66				
45. Gross capital formation	565	714	948	772	2,999	579				
46. Federal	97	100	150	114	461	87				
47. Provincial	222	181	274	276	953	217				
48. Local	195	377	462	323	1,357	217				
49. Hospitals	51	56	62	59	228	58				
50. TOTAL EXPENDITURE	7,923	8,550	8,503	8,804	33,780	9,042				
51. Federal	3,401	3,331	3,381	3,412	13,525	3,821				
52. Provincial	2,616	2,934	2,728	3,073	11,351	3,055				
53. Local	1,429	1,784	1,870	1,782	6,865	1,616				
54. Hospitals	469	489	509	521	1,988	531				
55. Canada Pension Plan	6	9	11	12	38	15				
56. Quebec Pension Plan	2	3	4	4	13	4				
57. DEFICIT(-) OR SURPLUS(+)	540	818	221	596	2,175	326				
58. FEDERAL	-136	344	118	449	775	- 270				
59. PROVINCIAL	271	-97	139	42	355	194				
60. LOCAL	90	221	-332	-116	-137	66				
61. HOSPITALS	52	26	6	14	98	59				
62. CANADA PENSION PLAN	196	245	225	162	828	211				
63. QUEBEC PENSION PLAN	67	79	65	45	256	66				

(1) From 1951, interest on the federal public debt is on an accrual basis; prior to 1951 it is on a "due date" basis.

(2) See line 7, Table 9.

TABLE 8. Transactions of Residents with Non-residents in the National Income and Expenditure Accounts, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Exports of goods and services	3,175	3,846	3,926	3,766	14,713	3,608	4,312	4,464	4,411	16,795
2. Merchandise	2,596	3,003	2,691	3,048	11,338	3,017	3,512	3,342	3,667	13,538
3. Non-merchandise	579	843	1,235	718	3,375	591	800	1,122	744	3,257
4. Deduct: Imports of goods and services	-3,467	-4,099	-3,751	-3,918	-15,235	-3,838	-4,357	-4,158	-4,635	-16,988
5. Merchandise	-2,481	-2,975	-2,591	-2,725	-10,772	-2,754	-3,140	-2,859	-3,409	-12,162
6. Non-merchandise	-986	-1,124	-1,160	-1,193	-4,463	-1,084	-1,217	-1,299	-1,226	-4,826
7. Add: Net current transfers abroad	-38	-62	-14	21	-93	7	-6	-35	6	-28
8. Current transfers to abroad(-)(1) ..	-89	-139	-62	-64	-354	-52	-77	-86	-65	-280
9. Current transfers from abroad(+)(2)	51	77	48	85	261	59	71	51	71	252
10. Equals: Saving(3)	-330	-315	161	-131	-615	-223	-51	271	-218	-221
Reconciliation with the "Canadian Balance of International Payments":										
Saving as above	-330	-315	161	-131	-615	-223	-51	271	-218	-221
Add: Net inheritances and migrants' funds	17	46	39	14	116	8	45	74	34	161
Equals: Surplus(+) or deficit(-) on current account as per "Canadian Balance of International Payments"(4)	-313	-269	200	-117	-499	-215	-6	345	-184	-60

See footnotes below.

TABLE 8. Transactions of Residents with Non-residents in the National Income and Expenditure Accounts, by Quarters, 1969 and 1970
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Exports of goods and services	4,127	4,704	4,766	4,883	18,480	4,705				
2. Merchandise	3,469	3,805	3,557	4,055	14,886	3,936				
3. Non-merchandise	658	899	1,209	828	3,594	769				
4. Deduct: Imports of goods and services	-4,404	-5,062	-4,760	-5,120	-19,346	-4,693				
5. Merchandise	-3,230	-3,706	-3,316	-3,766	-14,018	-3,314				
6. Non-merchandise	-1,174	-1,356	-1,444	-1,354	-5,328	-1,379				
7. Add: Net current transfers abroad	1	-3	-29	2	-29	-4				
8. Current transfers to abroad(-)(1) ..	-56	-87	-88	-74	-305	-76				
9. Current transfers from abroad(+)(2)	57	84	59	76	276	72				
10. Equals: Saving(3)	-276	-361	-23	-235	-895	8				
Reconciliation with the "Canadian Balance of International Payments":										
Saving as above	-276	-361	-23	-235	-895	8				
Add: Net inheritances and migrants' funds	18	50	56	49	173	26				
Equals: Surplus(+) or deficit(-) on current account as per "Canadian Balance of International Payments"(4)	-258	-311	33	-186	-722	34				

(1) Includes personal remittances, government official contributions and government pension payments.

(2) Includes withholding taxes and personal remittances from abroad.

(3) Saving of residents on transactions with non-residents in the national income and expenditure accounts. A negative figure indicates savings made available to the economy by non-residents (see line 8, Table 9).

(4) See "Quarterly Estimates of the Canadian Balance of International Payments", DBS 67-001.

TABLE 9. Sources of Gross Saving, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
Saving										
Persons and unincorporated business										
1. Personal saving	806	442	2,394	-346	3,296	482	681	2,667	-314	3,516
2. Adjustment on grain transactions(1)	-249	99	53	24	-73	-98	-200	40	39	-219
Corporate and government business enterprises										
3. Undistributed corporation profits	530	753	608	571	2,462	478	798	678	722	2,676
4. Undistributed profits of government business enterprises	87	43	37	29	196	68	55	63	69	255
5. Capital assistance	16	15	12	26	69	19	12	30	19	80
6. Inventory valuation adjustment ...	-131	-43	-45	-104	-323	-108	-53	-29	-127	-317
7. Government (balance before capital transactions)	501	613	673	625	2,412	614	833	698	885	3,030
8. Non-residents	330	315	-161	131	615	223	51	-271	218	221
9. Capital consumption allowances and miscellaneous valuation adjustments	1,900	1,998	1,964	2,015	7,877	2,003	2,131	2,124	2,153	8,411
10. Residual error of estimate	-234	-101	-56	172	-219	-229	-236	-110	24	-551
11. Total	3,556	4,134	5,479	3,143	16,312	3,452	4,072	5,890	3,688	17,102

See footnote below.

TABLE 9. Sources of Gross Saving, by Quarters, 1969 and 1970
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
Saving										
Persons and unincorporated business										
1. Personal saving	535	394	2,812	-353	3,388	1,006				
2. Adjustment on grain transactions(1)	-	-3	22	32	51	40				
Corporate and government business enterprises										
3. Undistributed corporation profits	637	918	662	594	2,811	563				
4. Undistributed profits of government business enterprises	95	63	79	49	286	90				
5. Capital assistance	19	27	21	36	103	29				
6. Inventory valuation adjustment ...	-156	-156	-74	-163	-549	-104				
7. Government (balance before capital transactions)	844	1,264	895	1,088	4,091	618				
8. Non-residents	276	361	23	235	895	-8				
9. Capital consumption allowances and miscellaneous valuation adjustments	2,160	2,246	2,300	2,360	9,066	2,395				
10. Residual error of estimate	-437	-387	-279	59	-1,044	-533				
11. Total	3,973	4,727	6,461	3,937	19,098	4,096				

(1) This item is the adjustment to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board. See also footnote 1, Table 4.

TABLE 10. Disposition of Gross Saving, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Total gross fixed capital formation(1)	3,516	4,074	4,209	3,885	15,684	3,440	3,968	4,254	4,147	15,809
2. Residential construction	540	646	834	802	2,822	622	776	904	965	3,267
3. Non-residential construction	1,473	1,716	2,100	1,843	7,132	1,449	1,717	2,108	1,870	7,144
4. Machinery and equipment	1,503	1,712	1,275	1,240	5,730	1,369	1,475	1,242	1,312	5,398
5. Value of physical change in inventories	-194	-41	1,214	-571	408	-217	-132	1,525	-435	741
6. Residual error of estimate	234	101	56	-171	220	229	236	111	-24	552
7. Total	3,556	4,134	5,479	3,143	16,312	3,452	4,072	5,890	3,688	17,102

See footnote below.

TABLE 10. Disposition of Gross Saving, by Quarters, 1969 and 1970
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Total gross fixed capital formation(1)	3,653	4,360	4,577	4,421	17,011	3,710				
2. Residential construction	767	977	1,066	1,056	3,866	779				
3. Non-residential construction	1,488	1,752	2,162	1,939	7,341	1,548				
4. Machinery and equipment	1,398	1,631	1,349	1,426	5,804	1,383				
5. Value of physical change in inventories	-117	-20	1,605	-425	1,043	-148				
6. Residual error of estimate	437	387	279	-59	1,044	534				
7. Total	3,973	4,727	6,461	3,937	19,098	4,096				

(1) For a breakdown between government and business, see Table 2.

TABLE 11. Gross National Expenditure in Constant(1961) Dollars, by Quarters, 1967 and 1968(1)
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	7,981	8,535	8,259	9,534	34,309	8,371	8,825	8,696	9,961	35,853
2. Durable goods	1,077	1,401	1,189	1,256	4,923	1,157	1,404	1,277	1,399	5,237
3. Semi-durable goods	712	884	877	1,219	3,692	745	902	897	1,265	3,809
4. Non-durable goods	3,157	3,224	3,291	3,937	13,609	3,324	3,316	3,369	4,063	14,072
5. Services	3,035	3,026	2,902	3,122	12,085	3,145	3,203	3,153	3,234	12,735
6. Government current expenditure on goods and services	2,089	2,016	2,018	2,102	8,225	2,175	2,032	2,126	2,206	8,539
7. Gross fixed capital formation	2,965	3,449	3,537	3,240	13,191	2,914	3,315	3,522	3,426	13,177
8. Government	482	571	748	635	2,436	495	569	745	649	2,458
9. Residential construction	2	2	2	3	9	2	2	3	3	10
10. Non-residential construction	396	497	651	548	2,092	400	493	648	557	2,098
11. Machinery and equipment	84	72	95	84	335	93	74	94	89	350
12. Business	2,483	2,878	2,789	2,605	10,755	2,419	2,746	2,777	2,777	10,719
13. Residential construction	432	510	655	621	2,218	490	601	693	734	2,518
14. Non-residential construction	843	933	1,090	968	3,834	810	914	1,080	978	3,782
15. Machinery and equipment	1,208	1,435	1,044	1,016	4,703	1,119	1,231	1,004	1,065	4,419
16. Value of physical change in inventories	-151	-97	1,017	-457	312	-163	-86	1,173	-313	611
17. Government	-22	15	31	-2	22	-20	12	33	-2	23
Business										
18. Non-farm	247	65	64	-69	307	207	79	119	76	481
19. Farm and grain in commercial channels	-376	-177	922	-386	-17	-350	-177	1,021	-387	107
20. Exports of goods and services	2,803	3,390	3,417	3,331	12,941	3,136	3,741	3,834	3,853	14,564
21. (of which: merchandise)	(2,332)	(2,710)	(2,442)	(2,756)	(10,240)	(2,672)	(3,125)	(2,971)	(3,289)	(12,057)
22. Deduct: Imports of goods and services	-3,110	-3,679	-3,353	-3,510	-13,652	-3,384	-3,838	-3,649	-4,083	-14,954
23. (of which: merchandise)	(2,285)	(2,742)	(2,399)	(2,516)	(9,942)	(2,508)	(2,857)	(2,625)	(3,110)	(11,100)
24. Residual error of estimate	201	86	47	-143	191	190	194	90	-19	455
25. GROSS NATIONAL EXPENDITURE IN CONSTANT(1961) DOLLARS	12,778	13,700	14,942	14,097	55,517	13,239	14,183	15,792	15,031	58,245

(1) The implicit price deflators of the seasonally unadjusted components of Gross National Expenditure, derived by dividing the value figures in Table 2 by the constant dollar figures in Table 11, are not suitable as indicators of quarter-to-quarter price change. This is because they are currently weighted and therefore are affected by compositional shifts which occur within the unadjusted components of Gross National Expenditure on a quarter-to-quarter basis. Quarter-to-quarter movement in the implicit price deflators based on seasonally adjusted data are less subject to the problem of shifting weights and may be used as a measure of price change.

TABLE 11. Gross National Expenditure in Constant(1961) Dollars, by Quarters, 1969 and 1970(1)
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	8,888	9,380	9,130	10,449	37,847	9,023				
2. Durable goods	1,284	1,477	1,333	1,470	5,564	1,184				
3. Semi-durable goods	805	984	919	1,328	4,036	816				
4. Non-durable goods	3,511	3,546	3,563	4,276	14,896	3,642				
5. Services	3,288	3,373	3,315	3,375	13,351	3,381				
6. Government current expenditure on goods and services	2,250	2,104	2,249	2,289	8,892	2,411				
7. Gross fixed capital formation	2,976	3,502	3,626	3,479	13,583	2,906				
8. Government	474	567	725	611	2,377	470				
9. Residential construction	1	2	3	2	8	4				
10. Non-residential construction	386	494	641	537	2,058	392				
11. Machinery and equipment	87	71	81	72	311	74				
12. Business	2,502	2,935	2,901	2,868	11,206	2,436				
13. Residential construction	569	708	780	777	2,834	563				
14. Non-residential construction	802	892	1,044	944	3,682	781				
15. Machinery and equipment	1,131	1,335	1,077	1,147	4,690	1,092				
16. Value of physical change in inventories	-53	-108	1,428	-357	910	-117				
17. Government	-22	10	27	-12	3	-23				
Business										
18. Non-farm	355	20	18	63	456	259				
19. Farm and grain in commercial channels	-386	-138	1,383	-408	451	-353				
20. Exports of goods and services	3,547	3,984	3,988	4,145	15,664	3,970				
21. (of which: merchandise)	(3,054)	(3,320)	(3,112)	(3,548)	(13,034)	(3,423)				
22. Deduct: Imports of goods and services	-3,828	-4,362	-4,027	-4,349	-16,566	-3,844				
23. (of which: merchandise)	(2,894)	(3,300)	(2,914)	(3,292)	(12,400)	(2,783)				
24. Residual error of estimate	346	302	215	- 45	818	408				
25. GROSS NATIONAL EXPENDITURE IN CONSTANT(1961) DOLLARS.....	14,126	14,802	16,609	15,611	61,148	14,757				

(1) The implicit price deflators of the seasonally unadjusted components of Gross National Expenditure, derived by dividing the value figures in Table 2 by the constant dollar figures in Table 11, are not suitable as indicators of quarter-to-quarter price change. This is because they are currently weighted and therefore are affected by compositional shifts which occur within the unadjusted components of Gross National Expenditure on a quarter-to-quarter basis. Quarter-to-quarter movements in the implicit price deflators based on seasonally adjusted data are less subject to the problem of shifting weights and may be used as a measure of price change.

TABLES ADJUSTED FOR SEASONAL VARIATION AND AT ANNUAL RATES

TABLE 12. National Income and Gross National Product, by Quarters, 1967 and 1968
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	34,208	34,996	35,756	36,140	35,275	36,912	37,976	38,876	40,208	38,493
2. Military pay and allowances	820	848	884	804	839	828	808	864	940	860
3. Corporation profits before taxes(1)*	6,664	6,640	6,844	6,948	6,774	6,960	7,316	7,568	7,924	7,442
4. Deduct: Dividends paid to non-residents(2)	- 736	- 824	- 920	- 936	- 854	- 864	- 944	- 892	- 728	- 857
5. Interest, and miscellaneous investment income(3)	2,308	2,304	2,332	2,396	2,335	2,364	2,500	2,708	2,748	2,580
6. Accrued net income of farm operators from farm production(4)	1,452	1,540	1,212	1,020	1,306	1,536	1,256	1,516	1,576	1,471
7. Net income of non-farm unincorporated business including rent(5)	3,708	3,864	4,048	4,084	3,926	4,104	4,208	4,244	4,316	4,218
8. Inventory valuation adjustment(6)	- 448	- 152	- 324	- 368	- 323	- 352	- 196	- 272	- 448	- 317
9. NET NATIONAL INCOME AT FACTOR COST ...	47,976	49,216	49,832	50,088	49,278	51,488	52,924	54,612	56,536	53,890
10. Indirect taxes less subsidies	8,796	8,784	8,744	8,820	8,786	9,516	9,512	9,700	9,980	9,677
11. Capital consumption allowances and miscellaneous valuation adjustments	7,752	7,900	7,848	8,008	7,877	8,168	8,416	8,488	8,572	8,411
12. Residual error of estimate	- 292	- 144	- 200	- 240	- 219	- 196	- 584	- 624	- 800	- 551
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	64,232	65,756	66,224	66,676	65,722	68,976	70,268	72,176	74,288	71,427
14. (Gross national product at market prices excluding accrued net income of farm operators)	(62,780)	(64,216)	(65,012)	(65,656)	(64,416)	(67,440)	(69,012)	(70,660)	(72,712)	(69,956)

See footnotes below.

TABLE 12. National Income and Gross National Product, by Quarters, 1969 and 1970
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	41,672	42,612	43,724	44,804	43,203	46,132				
2. Military pay and allowances	840	920	884	948	898	896				
3. Corporation profits before taxes(1)*	8,160	8,084	7,576	7,588	7,852	7,844				
4. Deduct: Dividends paid to non-residents(2)	- 860	- 848	- 796	- 844	- 837	-1,028				
5. Interest, and miscellaneous investment income(3)	3,084	3,136	3,272	3,292	3,196	3,312				
6. Accrued net income of farm operators from farm production(4)	1,540	1,552	1,964	1,724	1,695	1,592				
7. Net income of non-farm unincorporated business including rent (5)	4,292	4,388	4,480	4,480	4,410	4,544				
8. Inventory valuation adjustment(6)	- 536	- 616	- 460	- 584	- 549	- 324				
9. NET NATIONAL INCOME AT FACTOR COST ...	58,192	59,228	60,644	61,408	59,868	62,968				
10. Indirect taxes less subsidies	10,456	10,524	10,692	10,916	10,647	11,084				
11. Capital consumption allowances and miscellaneous valuation adjustments	8,796	8,872	9,200	9,396	9,066	9,720				
12. Residual error of estimate	- 956	- 1,144	- 1,244	- 832	- 1,044	- 896				
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	76,488	77,480	79,292	80,888	78,537	82,876				
14. (Gross national product at market prices excluding accrued net income of farm operators)	(74,948)	(75,928)	(77,328)	(79,164)	(76,842)	(81,284)				

(1) See footnote 1, Table 1. *See Technical Note re Corporation and Labour Unions Returns Act, page 4.

(2) See footnote 2, Table 1.

(3) See footnote 3, Table 1.

(4) Includes an arbitrary smoothing of crop production, and standard seasonal adjustments for withdrawals of grain from farm stocks and for the change in farm-held livestock and other inventories. Because of the arbitrary element, too precise an interpretation should not be given the seasonally adjusted figures of accrued net income of farm operators.

(5) See footnote 5, Table 1.

(6) See footnote 4, Table 2.

TABLE 13. Gross National Expenditure, by Quarters, 1967 and 1968
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	37,596	38,524	39,580	40,292	38,998	41,104	41,596	42,812	43,928	42,360
2. Government current expenditure on goods and services(1)	10,452	11,048	11,036	11,200	10,934	11,660	11,744	12,328	12,900	12,158
3. Gross fixed capital formation	16,004	15,956	15,624	15,152	15,684	15,744	15,548	15,744	16,200	15,809
4. Government(2)	2,952	2,980	2,980	2,964	2,969	2,988	3,012	2,988	2,992	2,995
5. Residential construction	12	12	12	16	13	8	12	16	16	13
6. Non-residential construction	2,584	2,612	2,600	2,600	2,599	2,592	2,608	2,600	2,608	2,602
7. Machinery and equipment	356	356	368	348	357	388	392	372	368	380
8. Business(3)	13,052	12,976	12,644	12,188	12,715	12,756	12,536	12,756	13,208	12,814
9. Residential construction	2,584	2,712	2,964	2,976	2,809	3,024	3,200	3,208	3,584	3,254
10. Non-residential construction	4,628	4,544	4,504	4,456	4,533	4,532	4,536	4,536	4,564	4,542
11. Machinery and equipment	5,840	5,720	5,176	4,756	5,373	5,200	4,800	5,012	5,060	5,018
12. Value of physical change in inventories	440	640	668	-116	408	656	508	1,016	784	741
13. Government	12	32	36	36	29	20	20	40	36	29
Business										
14. Non-farm(4)	540	540	612	- 224	367	408	364	816	304	473
15. Farm and grain in commercial channels(5)	- 112	68	20	72	12	228	124	160	444	239
16. Exports of goods and services	14,436	14,912	14,516	14,988	14,713	16,204	16,732	16,664	17,580	16,795
17. Deduct: Imports of goods and services	-14,984	-15,472	-15,400	-15,084	-15,235	-16,584	-16,448	-17,012	-17,908	-16,988
18. Residual error of estimate	288	148	200	244	220	192	588	624	804	552
19. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	64,232	65,756	66,224	66,676	65,722	68,976	70,268	72,176	74,288	71,427
Detail of Farm Inventories and GICC:										
Value of grain crop production	1,208	1,208	1,208	1,212	1,209	1,480	1,484	1,484	1,484	1,483
Depletions of farm stocks of grain	- 1,308	- 1,440	- 1,452	- 1,232	- 1,358	- 1,428	- 1,172	- 988	- 1,296	- 1,221
Change in other farm-held inventories	- 36	140	- 84	- 20	-	28	- 56	- 64	- 24	- 29
Grain in commercial channels	24	160	348	112	161	148	- 132	- 272	280	6

(1) Includes defence expenditures. Data for the years 1967-1968 are shown in line 3, Table 18.

(2) See footnote 2, Table 2.

(3) See footnote 3, Table 2.

(4) See footnote 4, Table 2.

(5) In the seasonally adjusted series, the value of grain crop production in each quarter is taken as one-fourth of the estimated value of crop production for the year as a whole (see footnote 4, Table 12). All other items in the farm inventories series are seasonally adjusted by standard techniques.

TABLE 14. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1967 and 1968
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. GROSS NATIONAL PRODUCT AT MARKET PRICES	64,232	65,756	66,224	66,676	65,722	68,976	70,268	72,176	74,288	71,427
2. Deduct: Residual error of estimate	292	144	200	240	219	196	584	624	800	551
3. Indirect taxes less subsidies	- 8,796	- 8,784	- 8,744	- 8,820	- 8,786	- 9,516	- 9,512	- 9,700	- 9,980	- 9,677
4. Income received from non-residents	- 492	- 400	- 488	- 476	- 464	- 528	- 584	- 636	- 584	- 583
5. Add: Income paid to non-residents	1,580	1,700	1,808	1,844	1,733	1,840	1,896	1,912	1,716	1,841
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	56,816	58,416	59,000	59,464	58,424	60,968	62,652	64,376	66,240	63,559

TABLE 13. Gross National Expenditure, by Quarters, 1969 and 1970
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	45,256	46,032	46,648	48,188	46,531	48,408				
2. Government current expenditure on goods and services(1)	13,048	13,388	14,256	14,404	13,774	14,992				
3. Gross fixed capital formation	16,756	17,032	16,984	17,272	17,011	17,128				
4. Government(2)	3,004	3,000	2,976	2,992	2,993	3,132				
5. Residential construction	8	12	16	12	12	20				
6. Non-residential construction	2,616	2,620	2,648	2,672	2,639	2,768				
7. Machinery and equipment	380	368	312	308	342	344				
8. Business(3)	13,752	14,032	14,008	14,280	14,018	13,996				
9. Residential construction	3,748	3,980	3,776	3,912	3,854	3,848				
10. Non-residential construction	4,688	4,664	4,684	4,772	4,702	4,852				
11. Machinery and equipment	5,316	5,388	5,548	5,596	5,462	5,296				
12. Value of physical change in inventories	1,180	848	1,348	796	1,043	580				
13. Government	12	16	12	-16	6	4				
Business										
14. Non-farm(4)	1,064	196	420	456	534	768				
15. Farm and grain in commercial channels(5)	104	636	916	356	503	-192				
16. Exports of goods and services	18,364	18,064	18,188	19,304	18,480	21,116				
17. Deduct: Imports of goods and services	-19,068	-19,032	-19,376	-19,908	-19,346	-20,248				
18. Residual error of estimate	952	1,148	1,244	832	1,044	900				
19. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	76,488	77,480	79,292	80,888	78,537	82,876				
Detail of Farm Inventories and GICC:										
Value of grain crop production	1,444	1,444	1,444	1,444	1,444	976				
Depletions of farm stocks of grain	-1,288	-1,064	-1,484	-980	-1,204	-1,108				
Change in other farm-held inventories	-212	88	392	32	75	-120				
Grain in commercial channels	160	168	564	-140	188	60				

(1) Includes defence expenditures. Data for year 1969 and the first quarter 1970 are shown in line 3, Table 18.

(2) See footnote 2, Table 2.

(3) See footnote 3, Table 2.

(4) See footnote 4, Table 2.

(5) In the seasonally adjusted series, the value of grain crop production in each quarter is taken as one-fourth of the estimated value of crop production for the year as a whole (see footnote 4, Table 12). All other items in the farm inventories series are seasonally adjusted by standard techniques.

TABLE 14. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1969 and 1970
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. GROSS NATIONAL PRODUCT AT MARKET PRICES	76,488	77,480	79,292	80,888	78,537	82,876				
2. Deduct: Residual error of estimate	956	1,144	1,244	832	1,044	896				
3. Indirect taxes less subsidies	-10,456	-10,524	-10,692	-10,916	-10,647	-11,084				
4. Income received from non-residents	-712	-808	-764	-796	-770	-988				
5. Add: Income paid to non-residents ..	1,940	2,008	2,008	1,988	1,986	2,412				
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	68,216	69,300	71,088	71,996	70,150	74,112				

TABLE 15. Sources of Personal Income, by Quarters, 1967 and 1968
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	34,208	34,996	35,756	36,140	35,275	36,912	37,976	38,876	40,208	38,493
2. Military pay and allowances	820	848	884	804	839	828	808	864	940	860
3. Net income received by farm operators from farm production(1)	1,508	1,532	1,400	1,076	1,379	1,764	1,508	1,768	1,720	1,690
4. Net income of non-farm unincorporated business including rent	3,708	3,864	4,048	4,084	3,926	4,104	4,208	4,244	4,316	4,218
5. Interest, dividends, and miscellaneous investment income(2)	3,832	3,908	4,028	4,156	3,981	4,236	4,368	4,460	4,484	4,387
<u>Current transfers</u>										
6. From government	4,396	4,636	4,612	4,936	4,645	4,900	5,292	5,520	5,696	5,352
7. Transfer payments to persons	4,388	4,632	4,608	4,932	4,640	4,892	5,288	5,512	5,692	5,346
8. Capital assistance	8	4	4	4	5	8	4	8	4	6
9. From corporations(3)	120	120	116	124	120	128	128	124	128	127
10. From non-residents	40	44	44	44	43	40	44	44	44	43
11. PERSONAL INCOME	48,632	49,948	50,888	51,364	50,208	52,912	54,332	55,900	57,536	55,170

See footnotes below.

TABLE 15. Sources of Personal Income, by Quarters, 1969 and 1970
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	41,672	42,612	43,724	44,804	43,203	46,132				
2. Military pay and allowances	840	920	884	948	898	896				
3. Net income received by farm operators from farm production(1)	1,412	1,524	1,976	1,664	1,644	1,376				
4. Net income of non-farm unincorporated business including rent	4,292	4,388	4,480	4,480	4,410	4,544				
5. Interest, dividends, and miscellaneous investment income(2)	4,696	4,896	5,060	5,160	4,953	5,236				
<u>Current transfers</u>										
6. From government	5,632	6,056	6,224	6,344	6,064	6,516				
7. Transfer payments to persons	5,628	6,052	6,216	6,344	6,060	6,516				
8. Capital assistance	4	4	8	-	4	-				
9. From corporations(3)	124	128	128	128	127	128				
10. From non-residents	44	44	44	44	44	44				
11. PERSONAL INCOME	58,712	60,568	62,520	63,572	61,343	64,872				

(1) See footnote 1, Table 4.

(2) See footnote 2, Table 4.

(3) See footnote 3, Table 4.

TABLE 16. Disposition of Personal Income, by Quarters, 1967 and 1968
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services.....	37,596	38,524	39,580	40,292	38,998	41,104	41,596	42,812	43,928	42,360
2. Durable goods	4,732	5,224	5,116	5,160	5,058	5,232	5,412	5,628	5,764	5,509
3. Semi-durable goods	4,072	4,328	4,416	4,376	4,298	4,452	4,504	4,612	4,700	4,567
4. Non-durable goods	14,704	14,988	15,512	15,876	15,270	16,080	16,108	16,532	17,052	16,443
5. Services(1)	14,088	13,984	14,536	14,880	14,372	15,340	15,572	16,040	16,412	15,841
<u>Current transfers</u>										
<u>To government</u>										
6. Income taxes	4,880	4,524	4,996	5,216	4,904	5,760	5,516	5,952	6,460	5,922
7. Succession duties and estate taxes	216	204	212	228	215	236	224	248	232	235
8. Employer and employee contributions to social insurance and government pension funds	1,840	1,876	1,952	1,900	1,892	2,068	1,980	2,052	2,260	2,090
9. Other	388	408	416	408	405	460	520	560	616	539
10. To corporations(2)	344	356	364	376	360	380	392	400	420	398
11. To non-residents	108	196	132	116	138	108	104	112	116	110
12. Personal saving	3,260	3,860	3,236	2,828	3,296	2,796	4,000	3,764	3,504	3,516
13. PERSONAL INCOME	48,632	49,948	50,888	51,364	50,208	52,912	54,332	55,900	57,536	55,170
14. (Personal disposable income) (13-6-7-8-9)	(41,308)	(42,936)	(43,312)	(43,612)	(42,792)	(44,388)	(46,092)	(47,088)	(47,968)	(46,384)

See footnotes below.

TABLE 16. Disposition of Personal Income, by Quarters, 1969 and 1970
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	45,256	46,032	46,648	48,188	46,531	48,408				
2. Durable goods	5,864	5,796	5,896	6,124	5,920	5,632				
3. Semi-durable goods	4,940	5,060	4,888	5,080	4,992	5,092				
4. Non-durable goods	17,384	17,648	17,936	18,756	17,931	19,136				
5. Services(1)	17,068	17,528	17,928	18,228	17,688	18,548				
<u>Current transfers</u>										
<u>To government</u>										
6. Income taxes	6,544	7,476	7,744	8,112	7,469	8,092				
7. Succession duties and estate taxes	236	232	240	240	237	232				
8. Employer and employee contributions to social insurance and government pension funds	2,340	2,356	2,376	2,292	2,341	2,428				
9. Other	768	688	728	992	794	1,032				
10. To corporations(2)	440	456	472	472	460	484				
11. To non-residents	116	108	132	136	123	136				
12. Personal saving	3,012	3,220	4,180	3,140	3,388	4,060				
13. PERSONAL INCOME	58,712	60,568	62,520	63,572	61,343	64,872				
14. (Personal disposable income) (13-6-7-8-9)	(48,824)	(49,816)	(41,432)	(51,936)	(50,502)	(53,088)				

(1) See footnote 1, Table 5.

(2) See footnote 2, Table 5.

TABLE 17. Government Revenue, by Level of Government, by Quarters, 1967 and 1968
Seasonally adjusted at annual rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Direct taxes - Persons	6,936	6,604	7,160	7,344	7,011	8,064	7,720	8,252	8,952	8,247
2. Federal	4,184	4,132	4,368	4,480	4,291	4,976	4,792	5,068	5,592	5,107
3. Provincial	1,916	1,644	1,928	1,996	1,871	2,156	2,024	2,272	2,408	2,215
4. Local	-	-	-	-	-	-	-	-	-	-
5. Canada Pension Plan	620	616	624	636	624	688	664	692	700	686
6. Quebec Pension Plan	216	212	240	232	225	244	240	220	252	239
7. Direct taxes - Corporate and govern- ment business enterprises	2,316	2,364	2,464	2,444	2,397	2,616	2,680	2,860	3,080	2,809
8. Federal(1)	1,720	1,760	1,844	1,820	1,786	1,964	2,008	2,144	2,304	2,105
9. (Federal tax collections) (1)	(1,780)	(1,824)	(1,840)	(1,848)	(1,823)	(1,772)	(1,512)	(2,368)	(1,912)	(1,891)
10. Provincial(2)	596	604	620	624	611	652	672	716	776	704
11. (Provincial tax collections)	(572)	(604)	(616)	(656)	(612)	(688)	(620)	(720)	(704)	(683)
12. Direct taxes-Non-residents-Federal(3)	192	236	212	232	218	224	208	216	188	209
13. Indirect taxes	9,348	9,444	9,432	9,544	9,442	10,100	10,132	10,384	10,664	10,320
14. Federal	3,776	3,748	3,664	3,632	3,705	3,676	3,628	3,796	3,944	3,761
15. Provincial	2,824	2,948	3,008	3,148	2,982	3,324	3,404	3,476	3,600	3,451
16. Local(4)	2,748	2,748	2,760	2,764	2,755	3,100	3,100	3,112	3,120	3,108
17. Other current transfers from persons	388	408	416	408	405	460	520	560	616	539
18. Federal	-	4	4	4	3	4	4	4	4	4
19. Provincial	336	344	344	340	341	396	448	488	544	469
20. Local	52	56	64	60	58	60	64	64	64	63
21. Hospitals	-	4	4	4	3	-	4	4	4	3
22. Investment income	1,328	1,428	1,440	1,536	1,433	1,516	1,520	1,700	1,572	1,577
23. Federal	660	748	812	776	749	764	780	880	696	780
24. Provincial	572	580	516	636	576	596	580	660	708	636
25. Local	64	68	68	72	68	72	76	76	84	77
26. Hospitals	4	4	4	-	3	4	4	4	4	4
27. Canada Pension Plan	28	28	40	52	37	80	80	80	80	80
28. Current transfers from other levels of government	5,180	5,580	5,916	5,888	5,641	6,336	6,680	6,696	6,836	6,637
29. Provinces - From Canada	1,624	2,008	2,036	1,932	1,900	2,324	2,324	2,368	2,424	2,360
30. - From local governments	44	36	36	36	38	36	48	44	52	45
31. Local governments - From Canada	136	56	108	68	92	52	132	84	100	92
32. - From provinces	1,952	2,020	2,240	2,296	2,127	2,264	2,456	2,420	2,476	2,404
33. Hospitals - From provinces	1,408	1,444	1,476	1,536	1,466	1,640	1,700	1,760	1,760	1,715
34. - From local governments	16	16	20	20	18	20	20	20	24	21
35. TOTAL REVENUE.....	25,688	26,064	27,040	27,396	26,547	29,316	29,460	30,668	31,908	30,338
36. Federal	10,532	10,628	10,904	10,944	10,752	11,608	11,420	12,108	12,728	11,966
37. Provincial	7,912	8,164	8,488	8,712	8,319	9,484	9,500	10,024	10,512	9,880
38. Local	4,952	4,948	5,240	5,260	5,100	5,548	5,828	5,756	5,844	5,744
39. Hospitals	1,428	1,468	1,504	1,560	1,490	1,664	1,728	1,788	1,792	1,743
40. Canada Pension Plan	648	644	664	688	661	768	744	772	780	766
41. Quebec Pension Plan	216	212	240	232	225	244	240	220	252	239
42. Capital consumption allowances (for use of own capital).....	896	912	928	948	921	956	976	1,000	1,020	988
43. Federal	176	176	180	184	179	184	188	192	200	191
44. Provincial	292	296	300	308	299	312	316	320	328	319
45. Local	352	360	368	376	364	380	388	400	404	393
46. Hospitals	76	80	80	80	79	80	84	88	88	85
47. TOTAL REVENUE AND CAPITAL CONSUMPTION ALLOWANCES	26,584	26,976	27,968	28,344	27,468	30,272	30,436	31,668	32,928	31,326
48. FEDERAL	10,708	10,804	11,084	11,128	10,931	11,792	11,608	12,300	12,928	12,157
49. PROVINCIAL	8,204	8,460	8,788	9,020	8,618	9,796	9,816	10,344	10,840	10,199
50. LOCAL	5,304	5,308	5,608	5,636	5,464	5,928	6,216	6,156	6,248	6,137
51. HOSPITALS	1,504	1,548	1,584	1,640	1,569	1,744	1,812	1,876	1,880	1,828
52. CANADA PENSION PLAN	648	644	664	688	661	768	744	772	780	766
53. QUEBEC PENSION PLAN	216	212	240	232	225	244	240	220	252	239

(1) See footnote 1, Table 6.

(2) See footnote 2, Table 6.

(3) Withholding taxes.

(4) The quarterly figures of real property taxes unadjusted and seasonally adjusted are obtained by dividing annual totals by four since real property taxes accrue uniformly throughout the taxation year. Because in recent years, changes in real property tax rates have been generally upward, this treatment gives rise to a fictitious seasonal between the fourth and first quarters in the seasonally adjusted indirect taxes series.

TABLE 17. Government Revenue, by Level of Government, by Quarters, 1969 and 1970
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Direct taxes - Persons	9,120	10,064	10,360	10,644	10,047	10,752				
2. Federal(1)	5,820	6,516	6,708	6,960	6,501	6,988				
3. Provincial	2,288	2,512	2,624	2,732	2,539	2,724				
4. Local	-	-	-	-	-	-				
5. Canada Pension Plan	736	760	760	696	738	760				
6. Quebec Pension Plan	276	276	268	256	269	280				
7. Direct taxes - Corporate and govern- ment business enterprises	3,184	3,096	2,968	3,032	3,070	2,956				
8. Federal(2)	2,384	2,312	2,212	2,268	2,294	2,212				
9. (Federal tax collections)(2)	(2,788)	(2,988)	(2,744)	(2,556)	(2,769)	(2,996)				
10. Provincial(3)	800	784	756	764	776	744				
11. (Provincial tax collections)	(944)	(888)	(912)	(864)	(902)	(1,040)				
12. Direct taxes-Non-residents - Federal(4)	212	248	260	208	232	284				
13. Indirect taxes	11,108	11,212	11,380	11,588	11,322	11,772				
14. Federal	3,984	3,944	4,048	4,120	4,024	3,916				
15. Provincial	3,704	3,844	3,900	4,036	3,871	4,060				
16. Local(5)	3,420	3,424	3,432	3,432	3,427	3,796				
17. Other current transfers from persons	768	688	728	992	794	1,032				
18. Federal	4	4	4	4	4	4				
19. Provincial	696	612	652	912	718	960				
20. Local	68	68	68	72	69	68				
21. Hospitals	-	4	4	4	3	-				
22. Investment income	1,992	2,016	2,032	2,140	2,045	2,252				
23. Federal	1,064	972	1,028	1,080	1,036	1,160				
24. Provincial	748	816	800	788	788	832				
25. Local	88	84	88	92	88	104				
26. Hospitals	4	4	4	8	5	4				
27. Canada Pension Plan	88	140	112	172	128	152				
28. Current transfers from other levels of government	7,148	8,008	6,932	7,360	7,362	8,140				
29. Provinces - From Canada	2,588	2,660	2,656	2,616	2,630	3,036				
30. - From local governments	44	48	36	48	44	48				
31. Local governments - From Canada	88	92	112	100	98	48				
32. - From provinces	2,532	3,244	2,120	2,528	2,606	2,860				
33. Hospitals - From provinces	1,876	1,940	1,984	2,044	1,961	2,128				
34. - From local governments	20	24	24	24	23	20				
35. TOTAL REVENUE	33,532	35,332	34,660	35,964	34,872	37,188				
36. Federal	13,468	13,996	14,260	14,640	14,091	14,564				
37. Provincial	10,868	11,276	11,420	11,896	11,366	12,404				
38. Local	6,196	6,912	5,820	6,224	6,288	6,876				
39. Hospitals	1,900	1,972	2,016	2,080	1,992	2,152				
40. Canada Pension Plan	824	900	872	868	866	912				
41. Quebec Pension Plan	276	276	268	256	269	280				
42. Capital consumption allowances (For use of own capital)	1,044	1,072	1,096	1,120	1,083	1,148				
43. Federal	200	208	212	216	209	220				
44. Provincial	332	340	344	344	340	352				
45. Local	424	432	444	460	440	476				
46. Hospitals	88	92	96	100	94	100				
47. TOTAL REVENUE AND CAPITAL CONSUMPTION ALLOWANCES	34,576	36,404	35,756	37,084	35,955	38,336				
48. FEDERAL	13,668	14,204	14,472	14,856	14,300	14,784				
49. PROVINCIAL	11,200	11,616	11,768	12,240	11,706	12,756				
50. LOCAL	6,620	7,344	6,264	6,684	6,728	7,352				
51. HOSPITALS	1,988	2,064	2,112	2,180	2,086	2,252				
52. CANADA PENSION PLAN	824	900	872	868	866	912				
53. QUEBEC PENSION PLAN	276	276	268	256	269	280				

(1) See footnote 1, Table 6.

(2) See footnote 2, Table 6.

(3) See footnote 3, Table 6.

(4) Withholding taxes.

(5) The quarterly figures of real property taxes unadjusted and seasonally adjusted are obtained by dividing annual totals by four since real property taxes accrue uniformly throughout the taxation year. Because in recent years, changes in real property tax rates have been generally upward, this treatment gives rise to fictitious seasonal between the fourth and first quarters in the seasonally adjusted indirect taxes series.

TABLE 18. Government Expenditure, by Level of Government, by Quarters, 1967 and 1968
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Current expenditure on goods and services	10,452	11,048	11,036	11,200	10,934	11,660	11,744	12,328	12,900	12,158
2. Federal	3,420	3,636	3,668	3,572	3,574	3,676	3,664	3,760	4,068	3,792
3. (Defence)	(1,704)	(1,860)	(1,924)	(1,732)	(1,805)	(1,760)	(1,836)	(1,756)	(1,896)	(1,812)
4. Provincial	2,232	2,348	2,192	2,228	2,250	2,412	2,384	2,664	2,780	2,560
5. Local	3,456	3,660	3,708	3,872	3,674	4,024	4,128	4,316	4,440	4,227
6. Hospitals	1,344	1,404	1,468	1,528	1,436	1,548	1,568	1,588	1,612	1,579
7. Transfer payments to persons	4,388	4,632	4,608	4,932	4,640	4,892	5,288	5,512	5,692	5,346
8. Federal	2,780	3,008	2,968	2,972	2,932	3,072	3,376	3,312	3,348	3,277
9. Provincial	1,520	1,532	1,548	1,864	1,616	1,720	1,804	2,068	2,220	1,953
10. Local	88	92	92	96	92	96	96	116	96	101
11. Canada Pension Plan	-	-	-	-	-	4	8	12	20	11
12. Quebec Pension Plan	-	-	-	-	-	-	4	4	8	4
13. Subsidies	552	660	688	724	656	584	620	684	684	643
14. Federal	432	548	544	572	524	476	492	528	576	518
15. Provincial	120	112	144	152	132	108	128	156	108	125
16. Capital assistance	80	56	60	100	74	84	40	148	72	86
17. Federal	64	56	56	96	68	80	28	128	52	72
18. Provincial	16	-	4	4	6	4	12	20	20	14
19. Current transfers to non-residents-										
Federal	268	324	92	180	216	132	156	208	184	170
20. Interest on the public debt	1,852	1,940	1,968	2,136	1,974	2,188	2,244	2,364	2,276	2,268
21. Federal(1)	1,192	1,208	1,256	1,324	1,245	1,308	1,420	1,488	1,420	1,409
22. Provincial	328	336	360	404	357	428	440	456	464	447
23. Local	332	396	352	408	372	452	384	420	392	412
24. Current transfers to other levels of government	5,180	5,580	5,916	5,888	5,641	6,336	6,680	6,696	6,836	6,637
25. Canada - To provinces	1,624	2,008	2,036	1,932	1,900	2,324	2,324	2,368	2,424	2,360
26. - To local governments	136	56	108	68	92	52	132	84	100	92
27. Provinces - To local governments ..	1,952	2,020	2,240	2,296	2,127	2,264	2,456	2,420	2,476	2,404
28. - To hospitals	1,408	1,444	1,476	1,536	1,466	1,640	1,700	1,760	1,760	1,715
29. Local governments - To provinces ..	44	36	36	36	38	36	48	44	52	45
30. - To hospitals ..	16	16	20	20	18	20	20	20	24	21
31. Total current expenditure	22,772	24,240	24,368	25,160	24,135	25,876	26,772	27,940	28,644	27,308
32. Federal	9,916	10,844	10,728	10,716	10,551	11,120	11,592	11,876	12,172	11,690
33. Provincial	7,576	7,792	7,964	8,484	7,954	8,576	8,924	9,544	9,828	9,218
34. Local	3,936	4,200	4,208	4,432	4,194	4,628	4,676	4,916	5,004	4,806
35. Hospitals	1,344	1,404	1,468	1,528	1,436	1,548	1,568	1,588	1,612	1,579
36. Canada Pension Plan	-	-	-	-	-	4	8	12	20	11
37. Quebec Pension Plan	-	-	-	-	-	-	4	4	8	4
38. Balance before capital transactions ..	2,916	1,824	2,672	2,236	2,412	3,440	2,688	2,728	3,264	3,030
39. Federal	616	- 216	176	228	201	488	- 172	232	556	276
40. Provincial	336	372	524	228	365	908	576	480	684	662
41. Local	1,016	748	1,032	828	906	920	1,152	840	840	938
42. Hospitals	84	64	36	32	54	116	160	200	180	164
43. Canada Pension Plan	648	644	664	688	661	764	736	760	760	755
44. Quebec Pension Plan	216	212	240	232	225	244	236	216	244	235
45. Gross capital formation	2,964	3,012	3,016	3,000	2,998	3,008	3,032	3,028	3,028	3,024
46. Federal	448	476	468	468	465	512	480	500	508	500
47. Provincial	1,112	1,076	1,004	992	1,046	1,012	924	948	948	958
48. Local	1,204	1,260	1,348	1,344	1,289	1,272	1,412	1,360	1,352	1,349
49. Hospitals	200	200	196	196	198	212	216	220	220	217
50. TOTAL EXPENDITURE	25,736	27,252	27,384	28,160	27,133	28,884	29,804	30,968	31,672	30,332
51. Federal	10,364	11,320	11,196	11,184	11,016	11,632	12,072	12,376	12,680	12,190
52. Provincial	8,688	8,868	8,968	9,476	9,000	9,588	9,848	10,492	10,776	10,176
53. Local	5,140	5,460	5,556	5,776	5,483	5,900	6,088	6,276	6,356	6,155
54. Hospitals	1,544	1,604	1,664	1,724	1,634	1,760	1,784	1,808	1,832	1,796
55. Canada Pension Plan	-	-	-	-	-	4	8	12	20	11
56. Quebec Pension Plan	-	-	-	-	-	-	4	4	8	4
57. DEFICIT(-) OR SURPLUS(+)	848	- 276	584	184	335	1,388	632	700	1,256	994
58. FEDERAL	344	- 516	- 112	- 56	- 85	160	- 464	- 76	248	- 33
59. PROVINCIAL	- 484	- 408	- 180	- 456	- 382	208	- 32	- 148	64	23
60. LOCAL	164	- 152	52	- 140	- 19	28	128	- 120	- 108	- 18
61. HOSPITALS	- 40	- 56	- 80	- 84	- 65	- 16	28	68	48	32
62. CANADA PENSION PLAN	648	644	664	688	661	764	736	760	760	755
63. QUEBEC PENSION PLAN	216	212	240	232	225	244	236	216	244	235

(1) See footnote 1, Table 7.

TABLE 18. Government Expenditure, by Level of Government, by Quarters, 1969 and 1970
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Current expenditure on goods and services	13,048	13,388	14,256	14,404	13,774	14,992				
2. Federal	4,180	4,140	4,496	4,444	4,315	4,656				
3. (Defence)	(1,820)	(1,740)	(1,840)	(1,824)	(1,806)	(1,932)				
4. Provincial	2,544	2,684	2,856	3,148	2,808	3,160				
5. Local	4,652	4,832	5,116	4,964	4,891	5,284				
6. Hospitals	1,672	1,732	1,788	1,848	1,760	1,892				
7. Transfer payments to persons	5,628	6,052	6,216	6,344	6,060	6,516				
8. Federal	3,480	3,596	3,700	3,632	3,602	3,832				
9. Provincial	2,012	2,304	2,352	2,540	2,302	2,508				
10. Local	104	104	104	108	105	100				
11. Canada Pension Plan	24	36	44	48	38	60				
12. Quebec Pension Plan	8	12	16	16	13	16				
13. Subsidies	652	688	688	672	675	688				
14. Federal	544	576	564	556	560	596				
15. Provincial	108	112	124	116	115	92				
16. Capital assistance	92	92	112	132	107	132				
17. Federal	76	84	88	104	88	116				
18. Provincial	16	8	24	28	19	16				
19. Current transfers to non-residents- Federal	140	192	196	200	182	200				
20. Interest on the public debt	2,476	2,580	2,648	2,780	2,621	2,956				
21. Federal(1)	1,460	1,592	1,588	1,716	1,589	1,824				
22. Provincial	564	572	620	592	587	636				
23. Local	452	416	440	472	445	496				
24. Current transfers to other levels of government	7,148	8,008	6,932	7,360	7,362	8,140				
25. Canada - To provinces	2,588	2,660	2,656	2,616	2,630	3,036				
26. - To local governments	88	92	112	100	98	48				
27. Provinces - To local governments ...	2,532	3,244	2,120	2,528	2,606	2,860				
28. - To hospitals	1,876	1,940	1,984	2,044	1,961	2,128				
29. Local governments - To provinces ...	44	48	36	48	44	48				
- To hospitals ...	20	24	24	24	23	20				
31. Total current expenditure	29,184	31,000	31,048	31,892	30,781	33,624				
32. Federal	12,556	12,932	13,400	13,368	13,064	14,308				
33. Provincial	9,652	10,864	10,080	10,996	10,398	11,400				
34. Local	5,272	5,424	5,720	5,616	5,508	5,948				
35. Hospitals	1,672	1,732	1,788	1,848	1,760	1,892				
36. Canada Pension Plan	24	36	44	48	38	60				
37. Quebec Pension Plan	8	12	16	16	13	16				
38. Balance before capital transactions ..	4,348	4,332	3,612	4,072	4,091	3,564				
39. Federal	912	1,064	860	1,272	1,027	256				
40. Provincial	1,216	412	1,344	900	968	1,004				
41. Local	924	1,488	100	608	780	928				
42. Hospitals	228	240	228	232	232	260				
43. Canada Pension Plan	800	864	828	820	828	852				
44. Quebec Pension Plan	268	264	252	240	256	264				
45. Gross capital formation	3,016	3,016	2,988	2,976	2,999	3,136				
46. Federal	512	456	436	440	461	468				
47. Provincial	1,032	892	940	948	953	1,020				
48. Local	1,248	1,440	1,380	1,360	1,357	1,392				
49. Hospitals	224	228	232	228	228	256				
50. TOTAL EXPENDITURE	32,200	34,016	34,036	34,868	33,780	36,760				
51. Federal	13,068	13,388	13,836	13,808	13,525	14,776				
52. Provincial	10,684	11,756	11,020	11,944	11,351	12,420				
53. Local	6,520	6,864	7,100	6,976	6,865	7,340				
54. Hospitals	1,896	1,960	2,020	2,076	1,988	2,148				
55. Canada Pension Plan	24	36	44	48	38	60				
56. Quebec Pension Plan	8	12	16	16	13	16				
57. DEFICIT(-) OR SURPLUS(+)	2,376	2,388	1,720	2,216	2,175	1,576				
58. FEDERAL	600	816	636	1,048	775	8				
59. PROVINCIAL	516	- 140	748	296	355	336				
60. LOCAL	100	480	- 836	- 292	- 137	12				
61. HOSPITALS	92	104	92	104	98	104				
62. CANADA PENSION PLAN	800	864	828	820	828	852				
63. QUEBEC PENSION PLAN	268	264	252	240	256	264				

(1) See footnote 1, Table 7.

TABLE 19. Transactions of Residents with Non-residents in the National Income and Expenditure Accounts, by Quarters, 1967-1968
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Exports of goods and services	14,436	14,912	14,516	14,988	14,713	16,204	16,732	16,664	17,580	16,795
2. Merchandise	11,344	11,452	10,700	11,856	11,338	13,072	13,444	13,336	14,300	13,538
3. Non-merchandise	3,092	3,460	3,816	3,132	3,375	3,132	3,288	3,328	3,280	3,257
4. Deduct: Imports of goods and services	-14,984	-15,472	-15,400	-15,084	-15,235	-16,584	-16,448	-17,012	-17,908	-16,988
5. Merchandise	-10,688	-11,028	-10,880	-10,492	-10,772	-11,868	-11,632	-12,028	-13,120	-12,162
6. Non-merchandise	-4,296	-4,444	-4,520	-4,592	-4,463	-4,716	-4,816	-4,984	-4,788	-4,826
7. Add: Net current transfers abroad	-144	-240	32	-20	-93	24	-8	-60	-68	-28
8. Current transfers abroad (-)(1)	-376	-520	-224	-296	-354	-240	-260	-320	-300	-280
9. Current transfers from abroad(+)(2)	232	280	256	276	261	264	252	260	232	252
10. Equals: Saving(3)	-692	-800	-852	-116	-615	-356	276	-408	-396	-221
Reconciliation with the Canadian Balance of International Payments:										
Saving as above	-692	-800	-852	-116	-615	-356	276	-408	-396	-221
Add: Net inheritances and migrants' funds	120	136	108	100	116	84	128	244	188	161
Equals: Surplus(+) or deficit(-) on current account as per "Canadian Balance of International Payments" (4)	-572	-664	-744	-16	-499	-272	404	-164	-208	-60

See footnotes below.

TABLE 19. Transactions of Residents with Non-residents in the National Income and Expenditure Accounts, by Quarters, 1969 and 1970
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Exports of goods and services	18,364	18,064	18,188	19,304	18,480	21,116				
2. Merchandise	14,872	14,428	14,600	15,644	14,886	17,048				
3. Non-merchandise	3,492	3,636	3,588	3,660	3,594	4,068				
4. Deduct: Imports of goods and services	-19,068	-19,032	-19,376	-19,908	-19,346	-20,248				
5. Merchandise	-13,932	-13,692	-13,924	-14,524	-14,018	-14,256				
6. Non-merchandise	-5,136	-5,340	-5,452	-5,384	-5,328	-5,992				
7. Add: Net current transfers abroad	-	-8	-24	-84	-29	-8				
8. Current transfers to abroad(-)(1) ..	-256	-300	-328	-336	-305	-336				
9. Current transfers from abroad(+)(2)	256	292	304	252	276	328				
10. Equals: Saving(3)	-704	-976	-1,212	-688	-895	860				
Reconciliation with the Canadian Balance of International payments;										
Saving as above	-704	-976	-1,212	-688	-895	860				
Add: Net inheritances and migrants' funds	144	148	168	232	173	184				
Equals: Surplus(+) or deficit(-) on current account as per "Canadian Balance of International Payments" (4)	-560	-828	-1,044	-456	-722	1,044				

(1) See footnote 1, Table 8.

(2) See footnote 2, Table 8.

(3) Saving of residents on transactions with non-residents in the national income and expenditure accounts. A negative figure indicates savings made available to the economy by non-residents (see line 8, Table 20).

(4) See footnote(4) Table 8.

TABLE 20. Sources of Gross Saving, by Quarters, 1967 and 1968
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
Saving										
Persons and unincorporated business										
1. Personal saving	3,260	3,860	3,236	2,828	3,296	2,796	4,000	3,764	3,504	3,516
2. Adjustment on grain transaction(1)	-56	8	-188	-56	-73	-228	-252	-252	-144	-219
Corporate and government business enterprises										
3. Undistributed corporation profits	2,580	2,412	2,388	2,468	2,462	2,368	2,572	2,752	3,012	2,676
4. Undistributed profits of government business enterprises	256	184	152	192	196	164	240	252	364	255
5. Capital assistance	72	52	56	96	69	76	36	140	68	80
6. Inventory valuation adjustment ...	-448	-152	-324	-368	-323	-352	-196	-272	-448	-317
7. Government (balance before capital transactions)	2,916	1,824	2,672	2,236	2,412	3,440	2,688	2,728	3,264	3,030
8. Non-residents	692	800	852	116	615	356	-276	408	396	221
9. Capital consumption allowances and miscellaneous valuation adjustments	7,752	7,900	7,848	8,008	7,877	8,168	8,416	8,488	8,572	8,411
10. Residual error of estimate	-292	-144	-200	-240	-219	-196	-584	-624	-800	-551
11. Total	16,732	16,744	16,492	15,280	16,312	16,592	16,644	17,384	17,788	17,102

See footnote below.

TABLE 20. Sources of Gross Saving, by Quarters, 1969 and 1970
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
Saving										
Persons and unincorporated business										
1. Personal saving	3,012	3,220	4,180	3,140	3,388	4,060				
2. Adjustment on grain transactions(1)	128	28	-12	60	51	216				
Corporate and government business enterprises										
3. Undistributed corporation profits	3,060	2,992	2,664	2,528	2,811	2,752				
4. Undistributed profits of government business enterprises	244	280	320	300	286	244				
5. Capital assistance	88	88	104	132	103	132				
6. Inventory valuation adjustment	-536	-616	-460	-584	-549	-324				
7. Government (balance before capital transactions)	4,348	4,332	3,612	4,072	4,091	3,564				
8. Non-residents	704	976	1,212	688	895	-860				
9. Capital consumption allowances and miscellaneous valuation adjustments	8,796	8,872	9,200	9,396	9,066	9,720				
10. Residual error of estimate	-956	-1,144	-1,244	-832	-1,044	-896				
11. Total	18,888	19,028	19,576	18,900	19,098	18,608				

(1) See footnote 1, Table 9.

TABLE 21. Disposition of Gross Saving, by Quarters, 1967 and 1968
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Total gross fixed capital formation(1)	16,004	15,956	15,624	15,152	15,684	15,744	15,548	15,744	16,200	15,809
2. Residential construction	2,596	2,724	2,976	2,992	2,822	3,032	3,212	3,224	3,600	3,267
3. Non-residential construction	7,212	7,156	7,104	7,056	7,132	7,124	7,144	7,136	7,172	7,144
4. Machinery and equipment	6,196	6,076	5,544	5,104	5,730	5,588	5,192	5,384	5,428	5,398
5. Value of physical change in inventories	440	640	668	- 116	408	656	508	1,016	784	741
6. Residual error of estimate	288	148	200	244	220	192	588	624	804	552
7. Total	16,732	16,744	16,492	15,280	16,312	16,592	16,644	17,384	17,788	17,102

See footnotes below.

TABLE 21. Disposition of Gross Saving, by Quarters, 1969 and 1970
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Total gross fixed capital formation(1)	16,756	17,032	16,984	17,272	17,011	17,128				
2. Residential construction	3,756	3,992	3,792	3,924	3,866	3,868				
3. Non-residential construction	7,304	7,284	7,332	7,444	7,341	7,620				
4. Machinery and equipment	5,696	5,756	5,860	5,904	5,804	5,640				
5. Value of physical change in inventories	1,180	848	1,348	796	1,043	580				
6. Residual error of estimate	952	1,148	1,244	832	1,044	900				
7. Total	18,888	19,028	19,576	18,900	19,098	18,608				

(1) See footnote 1, Table 10.

TABLE 22. Gross National Expenditure in Constant (1961) Dollars, by Quarters, 1967 and 1968(1)
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	33,596	34,132	34,596	34,912	34,309	35,324	35,420	36,108	36,560	35,853
2. Durable goods	4,668	5,108	4,944	4,972	4,923	5,016	5,152	5,348	5,432	5,237
3. Semi-durable goods	3,560	3,728	3,760	3,720	3,692	3,756	3,764	3,844	3,872	3,809
4. Non-durable goods	13,276	13,492	13,760	13,908	13,609	13,960	13,892	14,100	14,336	14,072
5. Services	12,092	11,804	12,132	12,312	12,085	12,592	12,612	12,816	12,920	12,735
6. Government current expenditure on goods and services	8,092	8,376	8,116	8,316	8,225	8,472	8,404	8,584	8,696	8,539
7. Gross fixed capital formation	13,420	13,460	13,248	12,636	13,191	13,292	13,020	13,100	13,296	13,177
8. Government	2,440	2,452	2,448	2,404	2,436	2,488	2,440	2,444	2,460	2,458
9. Residential construction	8	8	8	12	9	8	8	12	12	10
10. Non-residential construction	2,092	2,104	2,100	2,072	2,092	2,108	2,084	2,092	2,108	2,098
11. Machinery and equipment	340	340	340	320	335	372	348	340	340	350
12. Business	10,980	11,008	10,800	10,232	10,755	10,804	10,580	10,656	10,836	10,719
13. Residential construction	2,020	2,152	2,424	2,276	2,218	2,412	2,528	2,492	2,640	2,518
14. Non-residential construction	3,948	3,860	3,800	3,728	3,834	3,792	3,788	3,772	3,776	3,782
15. Machinery and equipment	5,012	4,996	4,576	4,228	4,703	4,600	4,264	4,392	4,420	4,419
16. Value of physical change in inventories	256	340	584	68	312	356	468	832	788	611
17. Government	8	24	24	32	22	16	12	32	32	23
18. Business Non-farm	428	380	516	96	307	288	436	716	484	481
19. Farm and grain in commercial channels	-180	-64	44	132	-17	52	20	84	272	107
20. Exports of goods and services	12,644	13,208	12,624	13,288	12,941	13,964	14,428	14,712	15,152	14,564
21. (of which: merchandise)	(10,108)	(10,324)	(9,896)	(10,632)	(10,240)	(11,504)	(11,900)	(12,152)	(12,672)	(12,057)
22. Deduct: Imports of goods and services	-13,460	-13,904	-13,800	-13,444	-13,652	-14,624	-14,500	-15,020	-15,672	-14,954
23. (of which: merchandise)	(9,880)	(10,196)	(10,080)	(9,612)	(9,942)	(10,828)	(10,628)	(11,076)	(11,868)	(11,100)
24. Residual error of estimate	256	128	172	208	191	168	488	516	648	455
25. GROSS NATIONAL EXPENDITURE IN CONSTANT (1961) DOLLARS	54,804	55,740	55,540	55,984	55,517	56,952	57,728	58,832	59,468	58,245

(1) See footnote 1, Table 11.

TABLE 22. Gross National Expenditure in Constant(1961) Dollars, by Quarters, 1969 and 1970(1)
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services.....	37,504	37,772	37,808	38,304	37,847	37,980				
2. Durable goods	5,588	5,448	5,540	5,680	5,564	5,188				
3. Semi-durable goods	4,040	4,120	3,936	4,048	4,036	4,052				
4. Non-durable goods	14,716	14,892	14,912	15,064	14,896	15,280				
5. Services	13,160	13,312	13,420	13,512	13,351	13,460				
6. Government current expenditure on goods and services	8,768	8,684	9,108	9,008	8,892	9,360				
7. Gross fixed capital formation	13,548	13,692	13,536	13,556	13,583	13,164				
8. Government	2,372	2,436	2,372	2,328	2,377	2,392				
9. Residential construction	4	8	12	8	8	16				
10. Non-residential construction	2,024	2,096	2,068	2,044	2,058	2,084				
11. Machinery and equipment	344	332	292	276	311	292				
12. Business	11,176	11,256	11,164	11,228	11,206	10,772				
13. Residential construction	2,796	2,948	2,792	2,800	2,834	2,652				
14. Non-residential construction	3,736	3,688	3,652	3,652	3,682	3,636				
15. Machinery and equipment	4,644	4,620	4,720	4,776	4,690	4,484				
16. Value of physical change in inventories	1,028	548	1,284	780	910	576				
17. Government	8	4	8	-8	3	8				
Business										
18. Non-farm	860	200	312	452	456	812				
19. Farm and grain in commercial channels	160	344	964	336	451	- 244				
20. Exports of goods and services	15,700	15,332	15,384	16,240	15,664	17,712				
21. (of which: merchandise)	(13,092)	(12,624)	(12,772)	(13,648)	(13,034)	(14,800)				
22. Deduct: Imports of goods and services	-16,552	-16,456	-16,544	-16,712	-16,566	-16,604				
23. (of which: merchandise)	(12,480)	(12,268)	(12,304)	(12,548)	(12,400)	(12,000)				
24. Residual error of estimate	764	900	968	640	818	680				
25. GROSS NATIONAL EXPENDITURE IN CONSTANT (1961) DOLLARS	60,760	60,472	61,544	61,816	61,148	62,868				

(1) See footnote 1, Table 11.

TABLE 23. Implicit Price Indexes, Gross National Expenditure, by Quarters, 1967 and 1968
Using Seasonally Adjusted Data
1961 = 100.0

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	111.9	112.9	114.4	115.4	113.7	116.4	117.4	118.6	120.2	118.1
2. Durable goods	101.4	102.3	103.5	103.8	102.7	104.3	105.0	105.2	106.1	105.2
3. Semi-durable goods	114.4	116.1	117.4	117.6	116.4	118.5	119.7	120.0	121.4	119.9
4. Non-durable goods	110.8	111.1	112.7	114.2	112.2	115.2	116.0	117.2	118.9	116.8
5. Services	116.5	118.5	119.8	120.9	118.9	121.8	123.5	125.2	127.0	124.4
6. Government current expenditure on goods and services	129.2	131.9	136.0	134.7	132.9	137.6	139.7	143.6	148.3	142.4
7. Gross fixed capital formation	119.3	118.5	117.9	119.9	118.9	118.4	119.4	120.2	121.8	120.0
8. Government	121.0	121.5	121.7	123.3	121.9	120.1	123.4	122.3	121.6	121.8
9. Non-residential construction	123.5	124.1	123.8	125.5	124.2	123.0	125.1	124.3	123.7	124.0
10. Machinery and equipment	104.7	104.7	108.2	108.7	106.6	104.3	112.6	109.4	108.2	108.6
11. Business	118.9	117.9	117.1	119.1	118.2	118.1	118.5	119.7	121.9	119.5
12. Residential construction	127.9	126.0	122.3	130.8	126.6	125.4	126.6	128.7	135.8	129.2
13. Non-residential construction	117.2	117.7	118.5	119.5	118.2	119.5	119.7	120.3	120.9	120.1
14. Machinery and equipment	116.5	114.5	113.1	112.5	114.2	113.0	112.6	114.1	114.5	113.6
15. Exports of goods and services	114.2	112.9	115.0	112.8	113.7	116.0	116.0	113.3	116.0	115.3
16. (of which: merchandise)	112.2	110.9	108.1	111.5	110.7	113.6	113.0	109.7	112.8	112.3
17. Deduct: Imports of goods and services	111.3	111.3	111.6	112.2	111.6	113.4	113.4	113.3	114.3	113.6
18. (of which: merchandise)	108.2	108.2	107.9	109.2	108.3	109.6	109.4	108.6	110.5	109.6
19. GROSS NATIONAL EXPENDITURE IN CONSTANT (1961) DOLLARS	117.2	118.0	119.2	119.1	118.4	121.1	121.7	122.7	124.9	122.6

TABLE 23. Implicit Price Indexes, Gross National Expenditure, by Quarters, 1969 and 1970
Using Seasonally Adjusted Data
1961 = 100.0

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	120.7	121.9	123.4	125.8	122.9	127.5				
2. Durable goods	104.9	106.4	106.4	107.8	106.4	108.6				
3. Semi-durable goods	122.3	122.8	124.2	125.5	123.7	125.7				
4. Non-durable goods	118.1	118.5	120.3	124.5	120.4	125.2				
5. Services	129.7	131.7	133.6	134.9	132.5	137.8				
6. Government current expenditure on goods and services	148.8	154.2	156.5	159.9	154.9	160.2				
7. Gross fixed capital formation	123.7	124.4	125.5	127.4	125.2	130.1				
8. Government	126.6	123.2	125.5	128.5	125.9	130.9				
9. Non-residential construction	129.2	125.0	128.0	130.7	128.2	132.8				
10. Machinery and equipment	110.5	110.8	106.8	111.6	110.0	117.8				
11. Business	123.0	124.7	125.5	127.2	125.1	129.9				
12. Residential construction	134.0	135.0	135.2	139.7	136.0	145.1				
13. Non-residential construction	125.5	126.5	128.3	130.7	127.7	133.4				
14. Machinery and equipment	114.5	116.6	117.5	117.2	116.5	118.1				
15. Exports of goods and services	117.0	117.8	118.2	118.9	118.0	119.2				
16. (of which: merchandise)	113.6	114.3	114.3	114.6	114.2	115.2				
17. Deduct: Imports of goods and services	115.2	115.7	117.1	119.1	116.8	121.9				
18. (of which: merchandise)	111.6	111.6	113.2	115.7	113.0	118.8				
19. GROSS NATIONAL EXPENDITURE IN CONSTANT (1961) DOLLARS	125.9	128.1	128.8	130.9	128.4	131.8				

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TABLE 24. Gross Fixed Capital Formation, by Industry, 1967-1969(1)
(millions of dollars)

	1967	1968	1969
A. <u>Business</u>(2)			
Agriculture, fishing and trapping	1,101	1,008	976
Forestry	86	77	99
Mines, quarries, and oil wells	1,047	1,070	1,092
Manufacturing	2,475	2,135	2,486
Construction	244	254	259
Transportation and storage	1,024	963	971
Communication	629	665	730
Electric power, gas, and water utilities	1,345	1,451	1,536
Trade	532	500	479
Finance, insurance, and real estate(3)	3,362	3,800	4,447
Community, business, and personal service	870	891	943
TOTAL BUSINESS	12,715	12,814	14,018
B. <u>Government</u>			
Electric power, gas, and water utilities	104	95	76
Finance, insurance, and real estate(3)	13	13	12
Community, business, and personal service	929	994	943
Public administration	1,923	1,893	1,962
TOTAL GOVERNMENT	2,969	2,995	2,993
Totals	15,684	15,809	17,011
(Total Private and Public Investment in Canada)			
(1)	(15,348)	(15,455)	(16,612)

(1) This table is derived from Private and Public Investment in Canada, Outlook 1970 (DBS Cat. No. 61-205) and similar reports for prior years. Additional details have been obtained from the Business Finance Division, DBS, and adjustments have been made to bring the data into line with national accounting concepts. These adjustments comprise deductions for defense construction, net sales of used motor vehicles, scrap and salvage; and an addition for transfer costs of land and buildings.

(2) Includes government business enterprises.

(3) Includes all residential construction.

TABLE 25. Exports and Imports of Goods and Services, 1967-1969(1)
Reconciliation Statement
(millions of dollars)

	1967	1968	1969
<u>Exports of goods and services:</u>			
"Current receipts" as per <u>Canadian Balance of</u> <u>International Payments</u>	15,085	17,208	18,887
Deduct -			
Current transfers:			
Personal remittances, etc.	- 43	- 43	- 44
Capital transfers:			
Inheritances and migrants' funds	- 329	- 370	- 363
Total "exports of goods and services" as per National Accounts(2)	14,713	16,795	18,480
<u>Imports of goods and services:</u>			
"Current payments" as per <u>Canadian Balance of</u> <u>International Payments</u>	15,584	17,268	19,609
Deduct -			
Current transfers:			
Personal remittances, etc.	- 172	- 147	- 162
Official contributions	- 182	- 133	- 143
Capital transfers:			
Inheritances and migrants' funds	- 213	- 209	- 190
Add -			
Withholding taxes(3)	218	209	232
Total "imports of goods and services" as per National Accounts(2)	15,235	16,988	19,346

- (1) Data sources are Quarterly Estimates of the Canadian Balance of International Payments (DBS Cat. No. 67-001).
(2) See also Tables 2 and 10.
(3) See line 12, Table 6. Investment income is taken into the balance of payments net of withholding taxes.

SYSTEM OF NATIONAL ACCOUNTS

National Income and Expenditure Accounts

SECOND QUARTER 1970



DOMINION BUREAU OF STATISTICS

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DOMINION BUREAU OF STATISTICS
National Income and Expenditure Division

SYSTEM OF NATIONAL ACCOUNTS

NATIONAL INCOME AND
EXPENDITURE ACCOUNTS

SECOND QUARTER 1970

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THE SYSTEM OF NATIONAL ACCOUNTS

In Canada, the National Accounts have been developed since the close of the Second World War in a series of publications relating to their constituent parts. These have now reached a stage of evolution where they can be termed a "System of National Accounts". For purposes of identification, all publications (containing tables of statistics, descriptions of conceptual frameworks, and descriptions of sources and methods) which make up this System will now carry the term "System of National Accounts" as a general title.

The System of National Accounts in Canada consists of several parts. The annual and quarterly Income and Expenditure Accounts (included with Catalogue Nos. carrying the prefix 13) were, historically speaking, the first set of statistics to be referred to with the title "National Accounts" (National Accounts, Income and Expenditure). The Balance of International Payments data, (Catalogue Nos. with prefix 67), in their more summary form, are also part of the System of National Accounts and they, in fact, pre-date the Income and Expenditure Accounts.

Greatly expanded structural detail on industries and on goods and services is portrayed in the Input-Output Tables of the System (Catalogue Nos. with prefix 15). The Indexes of Real Domestic Product by Industry (included with Catalogue Nos. carrying the prefix 61) provide "constant dollar" measures of the contribution of each industry to gross domestic product at factor cost. Inputs and outputs are related in Productivity Studies (Catalogue Nos. with prefix 14).

Both the Input-Output Tables and Indexes of Real Domestic Product by Industry use the establishment as the primary unit of industrial production. Measures of financial transactions are provided by

the Financial Flow Accounts (Catalogue Nos. with prefix 13). Types of lenders and financial instruments are the primary detail in these statistics, and the legal entity is the main unit of classification of transactors. Also, provision is made in the System for incorporation of balance sheet (wealth) estimates when such data are sufficiently developed.

The System of National Accounts provides an overall conceptually integrated framework in which the various parts can be considered as interrelated sub-systems. At present, direct comparisons amongst those parts which use the establishment as the basic unit and those which use the legal entity can be carried out only at highly aggregated levels of data. However, the Dominion Bureau of Statistics is continuing research on enterprise-company-establishment relationships; it may eventually be feasible to reclassify the data which are on one basis (say the establishment basis) to correspond to the units employed on another (the company or the enterprise basis).

In its broad outline, the Canadian System of National Accounts bears a close relationship to the international standard as described in the United Nations publication, "A System of National Accounts" (Studies in Methods, Series F., No. 2, Rev. 3, Statistical Office, Department of Economic and Social Affairs, United Nations, New York, 1968). In the future, a document on the conceptual framework of the Canadian System of National Accounts will be prepared for publication by the Dominion Bureau of Statistics. This document will furnish the broad theoretical outline of the System. The finer conceptual details, the statistical tables, and the descriptions of sources and methods as they pertain to the individual parts of the System, will appear in the various regular and occasional publications relating to those parts.

TECHNICAL NOTE

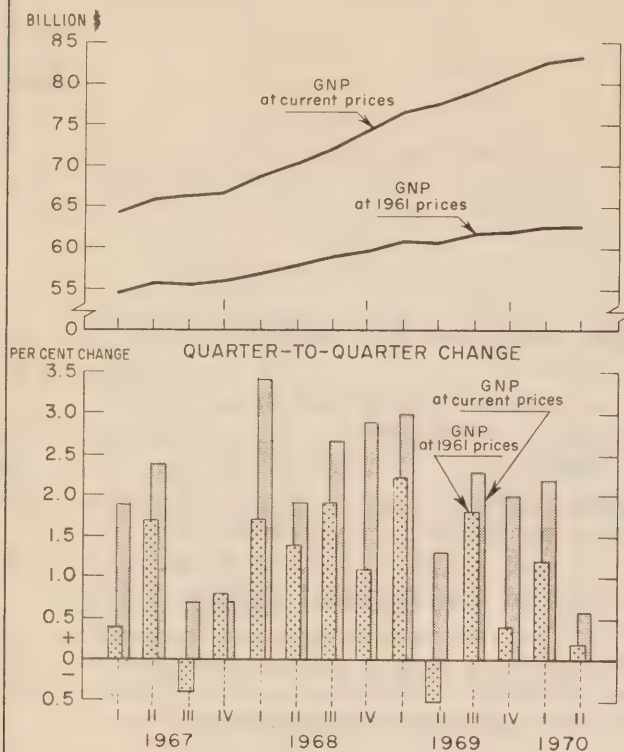
The Business Finance Division of the Bureau has released a new publication "Industrial Corporations - Financial Statistics". This publication contains quarterly financial data by industry (excluding Finance) for the period 1962 to 1969.

Because of certain conceptual differences and because the National Income and Expenditure Accounts annual figure for corporate profits is basically derived from financial statistics emanating from the administration of the Corporations and Labour Unions Returns Act, a reconciliation between the two series cannot readily be carried out at the present time.

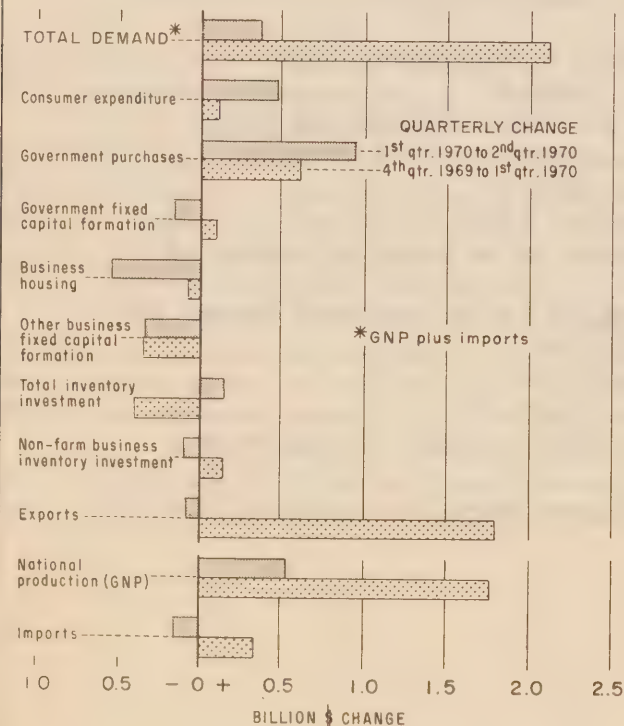
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In the second quarter G.N.P. rose
0.6 per cent at current prices
and 0.2 per cent in real terms.

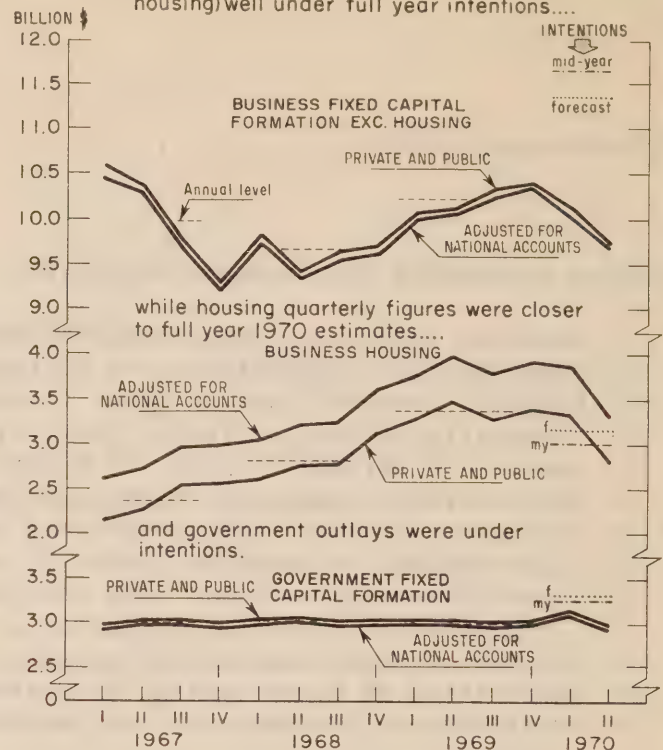


Total demand rose \$0.4 billion or 0.4 per cent,
spurred by consumer and government purchases.
The gain in the previous quarter
was 2.1 per cent.

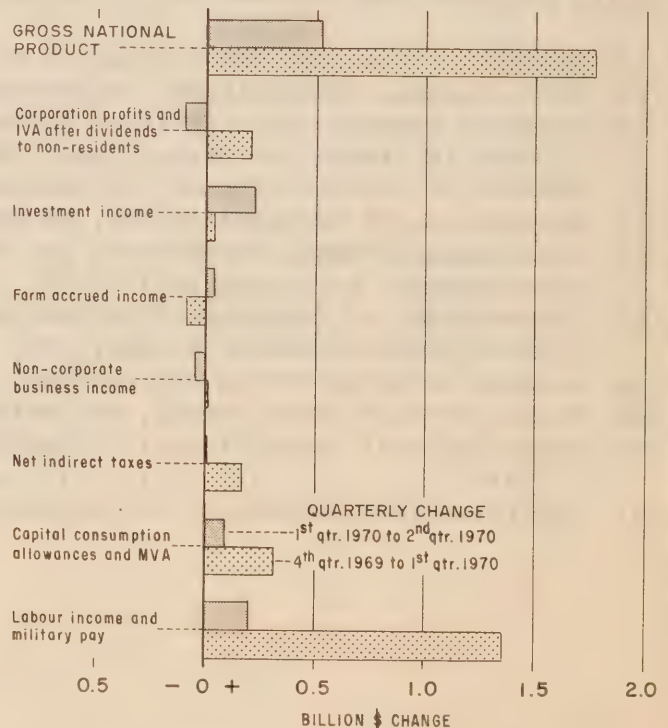


ALL DATA SEASONALLY ADJUSTED AT ANNUAL RATES.

Lower second quarter non-residential
construction and a further fall in
machinery and equipment investment
pulled business fixed capital (excluding
housing) well under full year intentions....



The slower rise in G.N.P. was accompanied
by a drop in corporation profits
and a deceleration in labour income.



INTRODUCTORY REVIEW - SECOND QUARTER 1970

Widespread easing of economic activity, accompanied by reduced inflationary pressure and a sharp increase in the unemployment rate characterized the spring quarter. This is the picture emerging from a reading of the preliminary estimates of the National Income and Expenditure Accounts prepared on the recently adopted accelerated schedule.

Gross National Product at market prices rose by 0.6 per cent to reach 83.2 billion dollars, seasonally adjusted at annual rates, compared with an increase of 2.2 per cent in the first quarter. The implicit price deflator rose by 0.5 per cent, compared with 1.0 per cent in the first quarter and with 1.6 per cent in the final quarter of 1969. After allowing for the price change, the volume of physical production rose by a marginal 0.2 per cent.

The current slowdown, which amounts to a virtual standstill in constant dollar terms, appears abrupt coming in the wake of large current and constant dollar gains in the first quarter. The first quarter strength was centered in an unusual rise in exports to overseas countries, apparently the result of a number of temporary influences. This tended to obscure the effect of developing weaknesses in consumer expenditure and investment spending. These weaknesses continued in the second quarter and, in the absence of a further significant boost in exports, resulted in a sharply reduced expansion in the aggregate value of production.

It is interesting to note that in contrast to GNP in constant dollars, domestic demand in real terms fell in the first quarter and rose marginally in the second, thus displaying movements in line with the trend shown by the American economy, where the external sector plays a much smaller role than in Canada. However, one significant difference in the recent performance of the two economies is the fact that subsiding market pressures, in a background of anti-inflationary measures, was accompanied by much clearer evidence of a price slowdown in Canada than in the United States.

Consumer expenditure on goods and services, with a 1.0 per cent increase, rose by 480 million dollars providing one of the few sources of strength in the quarter. Though representing a marked pick-up after the levelling out of the first quarter, the current 1.0 per cent increase is modest compared with the average rate of increase of almost 2 per cent in recent years. The most notable increase was shown by durable goods, where a substantial decline of 11.0 per cent in the first quarter, gave way to a 3.2 per cent increase this quarter; this was mostly accounted for by spending on automobiles, which rose by almost 8 per cent, recovering some of the ground lost in the unusually steep first quarter decline of 22.5 per cent. Restraint in consumer buying is most evident if the first and second quarters are taken together - the increase of 2.4 per cent in the first half year comparing with increases of 4 per cent and over in the three previous half year periods.

The major support to aggregate demand in the second quarter appears to have originated in the government sector. Tentative estimates of current government expenditure on goods and services show an increase of 952 million dollars or 6.3 per cent. The bulk of the increase occurred in federal (non-defence) and provincial spending. Capital expenditures of governments, on the other hand, fell by 148 million dollars.

Declining investment spending was a major factor in the slowing in economic activity. Business gross fixed capital formation, which had already declined by 2.9 per cent in the first quarter, fell again, this time by a more substantial 6.3 per cent. Declines occurred in all three major types of fixed capital formation. The drop in housing reflected the marked slowdown in the number of new starts in recent months; in non-residential construction the fall was associated with prolonged work stoppages which caused a record number of man hours lost in the construction industry this quarter. The mid-year survey of business intentions shows an anticipated increase for the year of about 8 per cent, which increases slightly the intentions reported at the beginning of the year. Business capital formation for the first half of the year runs approximately 11 per cent below these expectations making their complete realization improbable, even if some upturn occurs in the remaining quarters.

The high level of merchandise exports realized in the first quarter was maintained and even increased slightly in the second quarter. Shipments to the United States increased a little, while exports to overseas countries eased somewhat, after rising by a spectacular 38 per cent in the previous period. In line with weak domestic demand, especially in capital formation, imports continued to display sluggishness, falling marginally for a second consecutive quarter. There was a slight narrowing of the deficit in the services account, partly attributable to lower interest and dividend payments. The unusual and sizeable overall surplus balance on transactions in goods and services with non-residents shown in the first quarter rose by \$76 million in the second quarter to reach a level of \$928 million.

The reduced rate of expansion was mirrored on the income side by a sharp deceleration in labour income, which rose by only 0.4 per cent compared with 3.1 per cent in the first quarter and with rates of over 2 per cent in the previous few years. The current increase is the smallest shown since the first quarter of 1961. Decline in employment in the goods-producing industries, especially in the strike-affected construction industry and in manufacturing, appear to have been the major factor behind the current slowdown. The slackening in the labour market is highlighted by the sharp increases in the unemployment rate, up from 4.5 per cent in January to 6.7 per cent in July, though there has been at the same time an unusually rapid growth in the labour force.

Preliminary estimates of corporation profits indicate a fall of 5.3 per cent. This more than cancels the first quarter increase and brings profits back to somewhat below their fourth quarter level. The most notable changes among other income components were shown by accrued farm income, up by 2.4 per cent, and by interest and miscellaneous investment income, which rose by 6.8 per cent.

The softening in income growth, particularly in wages and salaries, had a depressing impact on personal income and on personal disposable income. Personal income rose by 0.6 per cent, compared with usual increases of 2 per cent and over. The deceleration in personal income, concurrent with an increase in income tax collections, led to a fall of 1.0 per cent in personal disposable income - its first decline since the first quarter of 1961.

Price Movements

Price moderation is indicated this quarter by the implicit price deflators of Gross National Expenditure, except government. Even though implicit price indexes reflect changing spending patterns as well as price movements of individual goods and services and are therefore not strictly comparable to conventional base-weighted price measures, it is interesting to note that the current slowdown is generally consistent with the evolution of the consumer price index and of most wholesale price indexes in recent months.

The price rise in personal expenditure on goods and services of 0.5 per cent was the lowest in five quarters. Deceleration occurred in all categories of consumer spending, but particularly in durable goods and in services. The implicit price for business gross fixed capital formation slowed to a rate of increase of 0.4 per cent after rises of 1.2 and 1.4 per cent in the previous two quarters. The easing in this index was entirely attributable to marginal declines in the prices of residential and non-residential construction as the price for machinery and equipment accelerated this quarter from 0.8 to 2.1 per cent. The declines shown by construction were caused by a softening in both material and labour cost components. However, statistical methods used in the seasonal adjustment of certain labour series are believed to have been somewhat inadequate this quarter in capturing all the impact of disruptions caused by work stoppages. Consequently, the implied fractionally lower labour cost may be fortuitous and subject to later revisions. The levelling out in the implicit price index of imports may be partly related to the unpegging of the Canadian dollar at the end of May.

Selected Implicit Price Indexes - Seasonally Adjusted Percentage Change from the Previous Quarter

	1969				1970	
	1Q	2Q	3Q	4Q	1Q	2Q
1. Personal expenditure on consumer goods and services	0.4	1.0	1.2	1.9	0.9	0.5
Durable goods	-1.1	1.4	-	1.3	1.1	0.7
Semi-durable goods	0.7	0.4	1.1	1.0	0.1	0.1
Non-durable goods	-0.7	0.3	1.5	3.5	0.2	0.1
Services	2.1	1.5	1.4	1.0	1.2	0.9
2. Government current expenditure on goods and services	0.3	3.6	1.5	2.2	0.4	1.7
3. Business gross fixed capital formation	0.9	1.4	0.6	1.4	1.2	0.4
Residential construction	-1.3	0.7	0.1	3.3	0.2	-0.3
Non-residential construction	3.8	0.8	1.4	1.9	1.8	-0.5
Machinery and equipment	-	1.8	0.8	-0.3	0.8	2.1
4. Exports	0.9	0.7	0.3	0.6	0.7	0.5
5. Imports	0.8	0.4	1.2	1.7	2.4	0.1
6. Gross national expenditure	0.8	1.7	0.5	1.6	1.0	0.5
7. Gross national expenditure excluding value of physical change in inventories	0.6	1.4	1.1	1.5	0.4	0.8

The application of a more adequate method and the introduction of more recent data in the calculation of implicit price indexes may have caused their quarter-to-quarter movement to differ, in some cases, from the one previously published.

The Components of Demand

Personal Expenditure on Consumer Goods and Services

Consumer expenditure on goods and services advanced 1.0 per cent to a level of \$48,796 million seasonally adjusted at annual rates. Although this advance was considerably greater than the 0.3 per cent increase registered in the first quarter, it was below the increases recorded throughout 1968 and 1969. The quarter was marked by a partial recovery of expenditure on automobiles from its first quarter slump and a slowing of consumer expenditure on services.

Durable goods advanced by 3.2 per cent after an 11.0 decline in the first quarter. The reversal in direction was caused primarily by a 25.0 per cent decline in purchases of new cars in the first quarter followed by an 11.3 per cent increase. Even taking the advance into account the level of sales was substantially below those recorded in 1968 and 1969. The only other durable component to register an increase was home appliances that rose by only 1.1 per cent. Expenditure on furniture, fixtures, and floor coverings; and recreation equipment declined by 1.2 and 1.6 per cent, respectively.

Semi-durables advanced by 1.1 per cent. Expenditure on semi-durable household supplies, including household textile, china, and glassware increased markedly. However, this increase was partially offset by a 3.9 per cent decline in personal accessories. There was also a small increase of 0.6 per cent in clothing and footwear. Within this group, expenditure on men's and boys' clothing increased by less than 1 per cent while women's and children's clothing declined at approximately the same rate; footwear on the other hand showed little change from the previous quarter.

In the aggregate, non-durables increased only by a marginal 0.1 per cent - the smallest advance in this group since the fourth quarter of 1963. Food, which accounts for about 40 per cent of total non-durables, registered no change this quarter, after unusually large increases of 3.1 and 3.7 per cent in the two preceding quarters. Among items showing sizeable increases were alcoholic beverages and tobacco both of which rose by over 3 per cent. Fuel and utilities also rose nearly 3 per cent, with most of the increase concentrated in electricity, which rose by 10.6 per cent and which was partially offset by declines in gas (8.0 per cent) and other fuel (1.4 per cent).

Services advanced by 1.3 per cent - the lowest increase in this component since the second quarter of 1967. Expenditure on shelter, and personally operated transportation showed the greatest advances (2.4 and 3.5 per cent, respectively). The service portion of household operation as well as expenditure in restaurants, cafes, and hotels showed no change. Expenditure on recreation and purchased transportation declined.

Gross Fixed Capital Formation

Spending on fixed capital dropped in total by \$1,016 million or 6.0 per cent to a level of \$15,956 million in the second quarter, with declines of \$536 million in housing; \$416 million in non-residential construction; and \$64 million in machinery and equipment. Both business and government fixed capital formation fell, the former by 6.3 per cent, the latter by 4.8 per cent.

Business non-residential fixed investment (non-residential construction and machinery and equipment) dropped by \$332 million, or 3.3 per cent, to a level of \$9,688 million. Almost three-fourths of this decline was in non-residential construction, which fell by 5.0 per cent. Both building and engineering outlays were affected. The fall in business spending on machinery and equipment of 1.7 per cent was appreciably smaller than the 7.3 per cent decline registered in the previous quarter. Most of the drop in this component was associated with domestic rather than imported supplies.

The decline in business residential housing was very sharp this quarter, down almost 14 per cent compared with a 1.6 per cent decline in the first quarter. This brings current investment in business housing down to \$3,312 million - about 17 per cent below the peak rate of \$3,980 million realized in the second quarter of 1969. The decline was centered in apartment units; single-family units showed only a modest fall. Notwithstanding federal measures to stimulate activity in the housing sector announced in July, weakness in apartment building may continue further as a result of the diminished backlog of apartments started in 1969 and of the lower rate of starts in the first half of 1970.

Non-Farm Business Inventories

Investment in non-farm business inventories declined from a rate of \$608 million in the first quarter, seasonally adjusted at annual rates, to a rate of \$516 million in the second quarter. As the following table illustrates, the second quarter accumulation was preponderantly at the retail trade level. In terms of types of goods held, investment in non-durables showed a sizeable increase but this was more than offset by a sharp decline in durables.

Value of Physical Change in Non-Farm Business Inventories Seasonally Adjusted at Annual Rates

	1970	
	1Q	2Q
	millions of dollars	
Manufacturing	452	-160
Wholesale trade	156	32
Retail trade	-96	552
Total manufacturing and trade	512	424
Durable goods	276	12
Non-durable goods	236	412
"Other" industries	96	92
Grand total	608	516

In manufacturing, inventory investment declined steeply by \$612 million, from a \$452 million accumulation last quarter to a liquidation of \$160 million this quarter. Within total manufacturing, durables showed a sharp turnaround from an accumulation of \$268 million to a liquidation of \$172 million and accounted for over two-thirds of the decline in investment. Although there was a strong build-up of stocks in primary metal industries, this was more than offset by a large depletion in the wood industry and either depletions or low rates of accumulation in all other manufacturing industries. Investment in non-durables also declined from an accumulation of \$184 million last quarter to a marginal one of \$12 million this quarter. With factory shipments keeping the same pace as in the previous quarter, the drawing down of manufacturing stocks appears associated with declines in both production and in the backlog of unfilled orders.

In contrast to manufacturing, the \$552 million increase in the stocks of retail traders represented one of the largest rates of accumulation in recent years. This build-up, which occurred after liquidations of \$16 million in the fourth quarter and of \$96 million in the first quarter, consisted of durables and non-durables in about equal proportions. The increase in investment, however, was slightly larger in durables, where all of the advance was due to an unusually large increase in the inventories of motor vehicle dealers after a sizeable liquidation in the first quarter. In non-durables, the most notable accumulations occurred in the stocks of food, drugs, and in stocks of country general stores.

The modest build-up of \$32 million in the stocks of wholesale trade compares with rates of accumulation of \$156 million in the first quarter and of around \$200 million throughout 1969. The current accumulation was the net result of a liquidation of \$100 million in durables and of a \$132 million accumulation in non-durables.

Exports and Imports of Goods and Services

The balance on Canada's transactions with non-residents for goods and services rose by \$76 million to a surplus of \$928 million, seasonally adjusted at annual rates, in the second quarter. The improvement in the balance resulted from a gain of \$36 million in merchandise trade, and \$40 million in non-merchandise trade.

Estimates of merchandise trade were virtually unchanged from the first quarter - exports increasing marginally, and imports decreasing marginally. Exports of automotive products increased along with copper and nickel, aluminum and lumber. Imports of automotive products rose along with food, crude petroleum and chemicals. Industrial machinery imports continued the decline registered in the first quarter.

The main factors in the lower deficit on services were lower payments for interest and dividends and for freight and shipping. Some offset to these occurred in lower receipts on tourist and travel transactions.

On May 31st the Minister of Finance announced that the Canadian dollar would be unpegged from its parity of 92.5 U.S. cents, and allowed to find its level on the foreign exchange markets. The resulting upward valuation of the Canadian dollar, which was experienced following this action, would tend to increase prices of some Canadian exports - while reducing prices of import goods. The net effect of this change is unlikely to have affected significantly levels of trade in the second quarter.

Transactions with Non-Residents
Seasonally Adjusted at Annual Rates
(National Accounts Basis)

				<u>Goods</u>			<u>Services</u>			Current Balance
				Exports	Imports	Net	Exports	Imports	Net	
millions of dollars										
1969	Q1	14,872	13,932	940	3,492	5,136	-1,644	-704		
	Q2	14,428	13,692	736	3,636	5,340	-1,704	-968		
	Q3	14,600	13,924	676	3,588	5,452	-1,864	-1,188		
	Q4	15,644	14,524	1,120	3,660	5,384	-1,724	-604		
1970	Q1	17,052	14,260	2,792	4,056	5,996	-1,940	852		
	Q2	17,080	14,252	2,828	3,952	5,852	-1,900	928		
<u>Per Cent Change 1Q'70 to 2Q'70</u>										
				0.2	-0.1		-2.6	-2.4		

The Government Sector

Total revenues of all levels of government combined (excluding inter-governmental transfers) rose by just over 3 per cent during the quarter. The bulk of the increase occurred in revenues from personal direct taxes at both the federal and provincial levels. Revenue from indirect taxes increased somewhat with the increase concentrated at the provincial level; federal revenues from this source showed little change as an increase in excise duties was almost offset by declines in customs import duties and excise taxes. Corporate tax liabilities fell while there were small changes in the other revenue sources.

Total current expenditures of all governments rose by over 3.5 per cent during the quarter. Most of the increase took place in current expenditure on goods and services, particularly at the federal and provincial levels. Transfer payments to persons changed little, the result of offsetting movements at the federal and provincial levels. Federal transfers to persons rose with increases in most of the categories, the largest taking place in unemployment insurance benefits paid. At the provincial level, grants to post-secondary educational institutions declined sharply and accounted for the decline in the total.

Government gross capital formation declined by about 4.5 per cent. Federal and provincial expenditures declined, while those of local governments and hospitals increased slightly.

With total revenues increasing slightly faster than total expenditures, the surplus of the government sector (on a national accounts basis and seasonally adjusted at annual rates) rose from a \$1,496 million in the first quarter to \$1,600 million in the second. The federal government moved from a small surplus of \$12 million in the first quarter to a deficit of \$352 million in the second quarter. This was more than offset by an increase in the provincial surplus from \$260 million to \$488 million, and a movement at the local government level from a deficit of \$8 million to a surplus of \$192 million.

The Components of Income

Labour Income

The increase of 0.4 per cent in labour income was the smallest recorded since the first quarter of 1961. The current slowdown mostly reflected a decline of 1.5 per cent in the goods-producing industries, compared with increases of over 3 per cent in the two previous quarters. Wages and salaries in the service-producing industries rose by 1.6 per cent, only about half the rate of increase in the first quarter.

Among the goods-producing industries, construction, which was seriously affected by labour disputes, showed an 8.4 per cent decline in wages and salaries. In the two previous quarters, this industry had shown increases of over 6 per cent. The primary industries also declined, by 1.8 per cent. Labour income in this group was pulled down by forestry, whose operations were hampered in British Columbia by a tow-boat strike. Other primary industries showed increases. In particular, mining rose by 2.2 per cent and agriculture by 1.0 per cent. Manufacturing showed a modest rise of 0.6 per cent. The increase was centered in the month of June, which registered a 1.6 per cent rise after remaining practically unchanged for six consecutive months. The upturn in June was partly attributable to an increase in employment in that month after a marked decline in May.

Increases were recorded in all service-producing industries. The service industry rose by 2.2 per cent, with a higher rate of advance in the non-commercial than in the commercial sector. Public administration and defence, excluding military pay, advanced by 2.1 per cent as increases in the provincial and local governments outweighed a decline in federal government. Finance rose by 1.1 per cent; transportation, communication and utilities by 1.6 per cent; and trade by 0.4 per cent. The increases in the two latter groups occurred despite employment declines.

Corporation Profits

Preliminary estimates of corporation profits indicate a drop of 5.3 per cent compared with an increase of 3.3 per cent in the previous quarter. Gross profits, which include charges for depreciation, declined by a lesser 2.8 per cent. Profits started to decline in the second quarter of last year, flattened out at year-end and increased last quarter; this quarter resumes a declining trend, bringing profits to a level of \$7420 million, 9.1 per cent below the peak achieved in the first quarter of 1969. First half-year profits (unadjusted for seasonality) were 6.3 per cent below their level in the first half of 1969.

Net Income of Non-Farm Unincorporated Business Including Rent

Net income of non-farm unincorporated business including rent declined marginally during the second quarter. Net income in the construction industry decreased, but this was mainly offset by increases in the service industry groupings.

Accrued Net Income of Farm Operators from Farm Production

Accrued net income of farm operators from farm production rose by almost 2.5 per cent during the quarter. A sharp increase occurred in the value of livestock production, the result of a large inventory accumulation, while the estimated value of grain production ^{1/} showed little change. These increases were partially offset by a decline in cash income from the sale of other farm products, notably rapeseed, dairy products and eggs.

Real Domestic Product

Real Domestic Product at factor cost fell by a marginal 0.1 per cent in the second quarter, following a moderate 0.9 per cent increase in the first quarter and a strong advance of 2.0 per cent in the fourth quarter of 1969. Agriculture rose most strongly, by 8.8 per cent; this increase was reflected in higher inventories, particularly of livestock. Excluding agriculture, Real Domestic Product declined by 0.5 per cent.

^{1/} The estimated new crop production is now based on the preliminary estimates of crop acreages and ten-year average yields. On these assumptions, the value of crop production in 1970 is estimated at \$0.8 billion compared with \$1.4 billion in 1969.

The goods-producing industries less agriculture declined by 2.1 per cent. Within this grouping, construction exerted the major dampening influence. It declined by 5.6 per cent, largely because of strikes and lockouts. A sizeable 3.0 per cent decline in manufacturing was centered in durables, where transportation equipment was the only industry to register an increase. Mixed movements in non-durables left the index practically unchanged. Among other goods-producing industries, mining fell by 3.0 per cent, after a large increase of 11.9 per cent in the first quarter; forestry fell by 13.5 per cent; and fishing and trapping by 18.3 per cent.

The increase in the service-producing industries of 0.8 per cent was the smallest since the second quarter of 1969. Trade rose by a modest 1.2 per cent, mostly on account of wholesale trade as retail trade rose only marginally. Other service-producing industries rose at rates of around 1 to 1.5 per cent.

TABLES UNADJUSTED FOR SEASONAL VARIATION

TABLE 1. National Income and Gross National Product, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	8,253	8,771	9,190	9,061	35,275	8,926	9,519	9,977	10,071	38,493
2. Military pay and allowances	210	207	223	199	839	213	194	218	235	860
3. Corporation profits before taxes(1)*	1,500	1,803	1,640	1,831	6,774	1,567	1,988	1,799	2,088	7,442
4. Deduct: Dividends paid to non-residents(2)	- 171	- 160	- 198	- 325	- 854	- 200	- 195	- 200	- 262	- 857
5. Interest, and miscellaneous investment income(3)	592	549	560	634	2,335	612	592	656	720	2,580
6. Accrued net income of farm operators from farm production(4)	- 73	38	1,363	- 22	1,306	- 118	- 105	1,636	58	1,471
7. Net income of non-farm unincorporated business including rent(5)	867	970	1,016	1,073	3,926	955	1,060	1,065	1,138	4,218
8. Inventory valuation adjustment(6)	- 131	- 43	- 45	- 104	- 323	- 108	- 53	- 29	- 127	- 317
9. NET NATIONAL INCOME AT FACTOR COST ...	11,047	12,135	13,749	12,347	49,278	11,847	13,000	15,122	13,921	53,890
10. Indirect taxes less subsidies	2,164	2,169	2,185	2,268	8,786	2,340	2,345	2,427	2,565	9,677
11. Capital consumption allowances and miscellaneous valuation adjustments	1,900	1,998	1,964	2,015	7,877	2,003	2,131	2,124	2,153	8,411
12. Residual error of estimate	- 234	- 101	- 56	172	- 219	- 229	- 236	- 110	24	- 551
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	14,877	16,201	17,842	16,802	65,722	15,961	17,240	19,563	18,663	71,427
14. (Gross national product at market prices excluding accrued net income of farm operators)	(14,950)	(16,163)	(16,479)	(16,824)	(64,416)	(16,079)	(17,345)	(17,927)	(18,605)	(69,956)

See footnotes below.

TABLE 1. National Income and Gross National Product, by Quarters, 1969 and 1970
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	10,088	10,695	11,215	11,205	43,203	11,177	11,646			
2. Military pay and allowances	214	224	222	238	898	229	225			
3. Corporation profits before taxes(1)*	1,845	2,203	1,801	2,003	7,852	1,767	2,026			
4. Deduct: Dividends paid to non-residents(2)	- 195	- 171	- 175	- 296	- 837	- 249	- 195			
5. Interest, and miscellaneous investment income(3)	805	741	796	854	3,196	863	842			
6. Accrued net income of farm operators from farm production(4)	- 115	10	1,713	87	1,695	9	282			
7. Net income of non-farm unincorporated business including rent(5)	1,000	1,108	1,124	1,178	4,410	1,046	1,134			
8. Inventory valuation adjustment(6)	- 156	- 156	- 74	- 163	- 549	- 118	- 46			
9. NET NATIONAL INCOME AT FACTOR COST ...	13,486	14,654	16,622	15,106	59,868	14,724	15,914			
10. Indirect taxes less subsidies	2,568	2,592	2,676	2,811	10,647	2,735	2,725			
11. Capital consumption allowances and miscellaneous valuation adjustments	2,160	2,246	2,300	2,360	9,066	2,376	2,488			
12. Residual error of estimate	- 437	- 387	- 279	59	-1,044	- 535	- 383			
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	17,777	19,105	21,319	20,336	78,537	19,300	20,744			
14. (Gross national product at market prices excluding accrued net income of farm operators)	(17,892)	(19,095)	(19,606)	(20,249)	(76,842)	(19,291)	(20,462)			

(1) Excludes profits of government business enterprises. *See Technical Note re Corporation and Labour Unions Returns Act, page 4.

(2) Includes the withholding tax applicable to this item.

(3) Includes profits (net of losses) of government business enterprises and other government investment income.

(4) Includes value of physical change in farm inventories as shown in line 14, Table 5. An adjustment has been made to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board.

(5) Includes net income of independent professional practitioners.

(6) See footnote 4, Table 2.

TABLE 2. Gross National Expenditure, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	8,900	9,651	9,480	10,967	38,998	9,716	10,380	10,344	11,920	42,360
2. Government current expenditure on goods and services(1)	2,713	2,669	2,708	2,844	10,934	3,023	2,833	3,023	3,279	12,158
3. Gross fixed capital formation	3,516	4,074	4,209	3,885	15,684	3,440	3,968	4,254	4,147	15,809
4. Government(2)	577	692	916	784	2,969	589	700	917	789	2,995
5. Residential construction	3	3	3	4	13	2	3	4	4	13
6. Non-residential construction	485	613	812	689	2,599	486	617	811	688	2,602
7. Machinery and equipment	89	76	101	91	357	101	80	102	97	380
8. Business(3)	2,939	3,382	3,293	3,101	12,715	2,851	3,268	3,337	3,358	12,814
9. Residential construction	537	643	831	798	2,809	620	773	900	961	3,254
10. Non-residential construction	988	1,103	1,288	1,154	4,533	963	1,100	1,297	1,182	4,542
11. Machinery and equipment	1,414	1,636	1,174	1,149	5,373	1,268	1,395	1,140	1,215	5,018
12. Value of physical change in inventories	-194	-41	1,214	-571	408	-217	-132	1,525	-435	741
13. Government	-22	17	35	-1	29	-21	14	37	-1	29
Business										
14. Non-farm(4)	278	79	115	-105	367	236	39	181	17	473
15. Farm and grain in commercial channels	-450	-137	1,064	-465	12	-432	-185	1,307	-451	239
16. Exports of goods and services	3,175	3,846	3,926	3,766	14,713	3,608	4,312	4,464	4,411	16,795
17. Deduct: Imports of goods and services	-3,467	-4,099	-3,751	-3,918	-15,235	-3,838	-4,357	-4,158	-4,635	-16,988
18. Residual error of estimate	234	101	56	-171	220	229	236	111	-24	552
19. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	14,877	16,201	17,842	16,802	65,722	15,961	17,240	19,563	18,663	71,427

- (1) Includes defence expenditures. Data for the years 1967-1968 are shown in line 3, Table 6.
(2) Includes outlay on new durable assets such as building and highway construction by governments, other than government business enterprises. Excludes defence construction and equipment which are defined as current expenditure.
(3) Comprises capital expenditures by private and government business enterprises, private non-commercial institutions and outlays on new residential construction by individuals. Capital expenditure is defined to include all transfer costs on the sales and purchases of existing fixed assets.
(4) The book value of inventories is deflated to remove the effect of price changes and the derived "physical" change is then valued at average prices of the current period to obtain the value of physical change. The difference between this value of physical change and the change in book value is called the inventory valuation adjustment (see line 8, Table 1).

TABLE 3. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. GROSS NATIONAL PRODUCT AT MARKET PRICES	14,877	16,201	17,842	16,802	65,722	15,961	17,240	19,563	18,663	71,427
2. Deduct: Residual error of estimate	234	101	56	-172	219	229	236	110	-24	551
3. Indirect taxes less subsidies	-2,164	-2,169	-2,185	-2,268	-8,786	-2,340	-2,345	-2,427	-2,565	-9,677
4. Income received from non-residents	-114	-95	-107	-148	-464	-126	-140	-141	-176	-583
5. Add: Income paid to non-residents: ..	365	409	389	570	1,733	426	461	420	534	1,841
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	13,198	14,447	15,995	14,784	58,424	14,150	15,452	17,525	16,432	63,559

TABLE 2. Gross National Expenditure, by Quarters, 1969 and 1970
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	10,710	11,501	11,339	12,981	46,531	11,383	12,091			
2. Government current expenditure on goods and services(1)	3,371	3,235	3,513	3,655	13,774	3,899	3,850			
3. Gross fixed capital formation	3,653	4,360	4,577	4,421	17,011	3,678	4,091			
4. Government(2)	589	701	917	786	2,993	603	703			
5. Residential construction	2	3	4	3	12	5	5			
6. Non-residential construction	492	620	824	703	2,639	513	615			
7. Machinery and equipment	95	78	89	80	342	85	83			
8. Business(3)	3,064	3,659	3,660	3,635	14,018	3,075	3,388			
9. Residential construction	765	974	1,062	1,053	3,854	774	814			
10. Non-residential construction	996	1,132	1,338	1,236	4,702	1,028	1,112			
11. Machinery and equipment	1,303	1,553	1,260	1,346	5,462	1,273	1,462			
12. Value of physical change in inventories	- 117	- 20	1,605	- 425	1,043	- 194	163			
13. Government	- 24	13	31	- 14	6	- 29	10			
Business										
14. Non-farm(4)	393	2	95	44	534	280	92			
15. Farm and grain in commercial channels	- 486	- 35	1,479	- 455	503	- 445	61			
16. Exports of goods and services	4,127	4,704	4,766	4,883	18,480	4,702	5,505			
17. Deduct: Imports of goods and services	- 4,404	- 5,062	- 4,760	- 5,120	- 19,346	- 4,702	- 5,340			
18. Residual error of estimate	437	387	279	- 59	1,044	534	384			
19. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	17,777	19,105	21,319	20,336	78,537	19,300	20,744			

(1) Includes defence expenditures. Data for 1969 and 1970 are shown in line 3, Table 6.

(2) Includes outlay on new durable assets such as building and highway construction by governments, other than government business enterprises. Excludes defence construction and equipment which are defined as current expenditure.

(3) Comprises capital expenditures by private and government business enterprises, private non-commercial institutions and outlays on new residential construction by individuals. Capital expenditure is defined to include all transfer costs on the sales and purchases of existing fixed assets.

(4) The book value of inventories is deflated to remove the effect of price changes and the derived "physical" change is then valued at average prices of the current period to obtain the value of physical change. The difference between this value of physical change and the change in book value is called the inventory valuation adjustment (see line 8, Table 1).

TABLE 3. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1969 and 1970
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. GROSS NATIONAL PRODUCT AT MARKET PRICES	17,777	19,105	21,319	20,336	78,537	19,300	20,744			
2. Deduct: Residual error of estimate ...	437	387	279	- 59	1,044	535	383			
3. Indirect taxes less subsidies	- 2,568	- 2,592	- 2,676	- 2,811	- 10,647	- 2,735	- 2,725			
4. Income received from non-residents	- 170	- 200	- 172	- 228	- 770	- 243	- 256			
5. Add: Income paid to non-residents	447	492	442	605	1,986	576	566			
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	15,923	17,192	19,192	17,843	70,150	17,433	18,712			

TABLE 4. Sources of Personal Income, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	8,253	8,771	9,190	9,061	35,275	8,926	9,519	9,977	10,071	38,493
2. Military pay and allowances	210	207	223	199	839	213	194	218	235	860
3. Net income received by farm operators from farm production(1)	176	- 61	1,310	- 46	1,379	- 20	95	1,596	19	1,690
4. Net income of non-farm unincorporated business including rent	867	970	1,016	1,073	3,926	955	1,060	1,065	1,138	4,218
5. Interest, dividends, and miscellaneous investment income(2)	938	977	982	1,084	3,981	1,037	1,093	1,088	1,169	4,387
<u>Current transfers</u>										
6. From government	1,191	1,144	1,103	1,207	4,645	1,331	1,307	1,319	1,395	5,352
7. Transfer payments to persons	1,189	1,143	1,102	1,206	4,640	1,329	1,306	1,317	1,394	5,346
8. Capital assistance	2	1	1	1	5	2	1	2	1	6
9. From corporations(3)	30	30	29	31	120	32	32	31	32	127
10. From non-residents	10	11	11	11	43	10	11	11	11	43
11. PERSONAL INCOME	11,675	12,049	13,864	12,620	50,208	12,484	13,311	15,305	14,070	55,170

See footnotes below.

TABLE 4. Sources of Personal Income, by Quarters, 1969 and 1970
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	10,088	10,695	11,215	11,205	43,203	11,177	11,646			
2. Military pay and allowances	214	224	222	238	898	229	225			
3. Net income received by farm operators from farm production(1)	- 115	13	1,691	55	1,644	- 31	235			
4. Net income of non-farm unincorporated business including rent	1,000	1,108	1,124	1,178	4,410	1,046	1,134			
5. Interest, dividends, and miscellaneous investment income(2)	1,148	1,227	1,233	1,345	4,953	1,283	1,350			
<u>Current transfers</u>										
6. From government	1,518	1,492	1,492	1,562	6,064	1,755	1,608			
7. Transfer payments to persons	1,517	1,491	1,490	1,562	6,060	1,755	1,607			
8. Capital assistance	1	1	2	-	4	-	1			
9. From corporations(3)	31	32	32	32	127	32	34			
10. From non-residents	11	11	11	11	44	25	25			
11. PERSONAL INCOME	13,895	14,802	17,020	15,626	61,343	15,516	16,257			

(1) This item differs from line 6, Table 1 by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.

(2) Includes all interest on the public debt paid by government to persons.

(3) Charitable contributions and bad debt allowances.

TABLE 5. Disposition of Personal Income, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	8,900	9,651	9,480	10,967	38,998	9,716	10,380	10,344	11,920	42,360
2. Durable goods	1,087	1,425	1,234	1,312	5,058	1,205	1,470	1,349	1,485	5,509
3. Semi-durable goods	809	1,026	1,024	1,439	4,298	876	1,077	1,069	1,545	4,567
4. Non-durable goods	3,461	3,603	3,762	4,444	15,270	3,792	3,870	3,997	4,784	16,443
5. Services(1)	3,543	3,597	3,460	3,772	14,372	3,843	3,963	3,929	4,106	15,841
<u>Current transfers</u>										
To government										
6. Income taxes	1,214	1,166	1,224	1,300	4,904	1,442	1,415	1,452	1,613	5,922
7. Succession duties and estate taxes	54	51	53	57	215	59	56	62	58	235
8. Employer and employee contributions to social insurance and government pension funds	450	503	509	430	1,892	504	531	537	518	2,090
9. Other	137	97	80	91	405	158	123	115	143	539
10. To corporations(2)	86	88	92	94	360	95	97	101	105	398
11. To non-residents	28	51	32	27	138	28	28	27	27	110
12. Personal saving	806	442	2,394	- 346	3,296	482	681	2,667	- 314	3,516
13. Personal saving excluding change in farm inventories	1,226	575	1,447	197	3,445	914	788	1,327	254	3,283
14. Value of physical change in farm inventories	- 420	- 133	947	- 543	- 149	- 432	- 107	1,340	- 568	233
15. PERSONAL INCOME	11,675	12,049	13,864	12,620	50,208	12,484	13,311	15,305	14,070	55,170
16. (Personal disposable income) (15-6-7-8-9)	(9,820)	(10,232)	(11,998)	(10,742)	(42,792)	(10,321)	(11,186)	(13,139)	(11,738)	(46,384)

See footnotes below.

TABLE 5. Disposition of Personal Income, by Quarters, 1969-1970
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	10,710	11,501	11,339	12,981	46,531	11,383	12,091			
2. Durable goods	1,345	1,567	1,422	1,586	5,920	1,229	1,507			
3. Semi-durable goods	975	1,215	1,139	1,663	4,992	999	1,226			
4. Non-durable goods	4,110	4,271	4,371	5,179	17,931	4,508	4,560			
5. Services(1)	4,280	4,448	4,407	4,553	17,688	4,647	4,798			
<u>Current transfers</u>										
To government										
6. Income taxes	1,643	1,914	1,885	2,027	7,469	2,028	2,274			
7. Succession duties and estate taxes	59	58	60	60	237	58	61			
8. Employer and employee contributions to social insurance and government pension funds	573	627	618	523	2,341	597	649			
9. Other	235	165	157	237	794	301	246			
10. To corporations(2)	110	114	117	119	460	119	119			
11. To non-residents	30	29	32	32	123	35	37			
12. Personal saving	535	394	2,812	- 353	3,388	995	780			
13. Personal saving excluding change in farm inventories	1,025	424	1,513	111	3,073	1,421	640			
14. Value of physical change in farm inventories	- 490	- 30	1,299	- 464	315	- 426	140			
15. PERSONAL INCOME	13,895	14,802	17,020	15,626	61,343	15,516	16,257			
16. (Personal disposable income) (15-6-7-8-9)	(11,385)	(12,038)	(14,300)	(12,779)	(50,502)	(12,532)	(13,027)			

(1) Includes net expenditure abroad.

(2) This item is the transfer portion of interest on the consumer debt.

TABLE 6. Government Revenue, Expenditure and Surplus or Deficit, by Level of Government, by Quarters
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
REVENUE										
1. Direct taxes - Persons	1,718	1,720	1,786	1,787	7,011	2,005	2,002	2,051	2,189	8,247
2. Federal(1)	1,027	1,075	1,072	1,117	4,291	1,230	1,242	1,240	1,395	5,107
3. Provincial	486	402	480	503	1,871	547	495	563	610	2,215
4. Local	-	-	-	-	-	-	-	-	-	-
5. Canada Pension Plan	152	179	172	121	624	168	193	191	134	686
6. Quebec Pension Plan	53	64	62	46	225	60	72	57	50	239
7. Direct taxes - Corporate and Govern- ment business enterprises	544	643	574	636	2,397	615	729	664	801	2,819
8. Federal(2)	404	479	430	473	1,786	461	546	498	600	2,105
9. (Federal tax collections)(2)	(404)	(572)	(433)	(414)	(1,823)	(411)	(486)	(563)	(431)	(1,891)
10. Provincial(3)	140	164	144	163	611	154	183	166	201	704
11. (Provincial tax collections)	(149)	(161)	(162)	(140)	(612)	(180)	(166)	(187)	(150)	(683)
12. Direct taxes-Non-residents-Federal(4)	41	66	37	74	218	49	60	40	60	209
13. Indirect taxes	2,281	2,316	2,387	2,458	9,442	2,467	2,475	2,628	2,750	10,320
14. Federal	878	940	919	968	3,705	855	905	948	1,053	3,761
15. Provincial	717	689	778	798	2,982	838	795	902	916	3,451
16. Local	686	687	690	692	2,755	774	775	778	781	3,108
17. Other current transfers from persons	137	97	80	91	405	158	123	115	143	539
18. Federal	1	1	-	1	3	1	1	1	1	4
19. Provincial	123	81	63	74	341	142	105	97	125	469
20. Local	13	14	16	15	58	15	16	16	16	63
21. Hospitals	-	1	1	1	3	-	1	1	1	3
22. Investment income	306	362	326	439	1,433	349	384	391	453	1,577
23. Federal	130	197	183	239	749	156	206	202	216	780
24. Provincial	155	137	117	167	576	163	135	153	185	636
25. Local	13	20	15	20	68	15	22	17	23	77
26. Hospitals	1	1	1	-	3	1	1	1	1	4
27. Canada Pension Plan	7	7	10	13	37	14	20	18	28	80
28. Current transfers from other levels of government	1,230	1,506	1,415	1,490	5,641	1,500	1,814	1,610	1,713	6,637
29. Provinces - From Canada	410	517	470	503	1,900	576	613	552	619	2,360
30. - From local governments	12	7	9	10	38	10	10	11	14	45
31. Local governments - From Canada	36	21	25	10	92	15	40	19	18	92
32. - From provinces	398	599	546	584	2,127	463	723	595	623	2,404
33. Hospitals - From provinces	370	358	360	378	1,466	431	423	428	433	1,715
34. - From local governments	4	4	5	5	18	5	5	5	6	21
35. Total revenue	6,257	6,710	6,605	6,975	26,547	7,143	7,587	7,499	8,109	30,338
36. Federal	2,481	2,758	2,641	2,872	10,752	2,752	2,960	2,929	3,325	11,966
37. Provincial	2,043	1,997	2,061	2,218	8,319	2,430	2,336	2,444	2,670	9,880
38. Local	1,146	1,341	1,292	1,321	5,100	1,282	1,576	1,425	1,461	5,744
39. Hospitals	375	364	367	384	1,490	437	430	435	441	1,743
40. Canada Pension Plan	159	186	182	134	661	182	213	209	162	766
41. Quebec Pension Plan	53	64	62	46	225	60	72	57	50	239
CURRENT EXPENDITURE										
42. Current expenditure on goods and services(5)	2,713	2,669	2,708	2,844	10,934	3,023	2,833	3,023	3,279	12,158
43. Federal	933	843	906	892	3,574	1,002	845	930	1,015	3,792
44. (Defence)	(470)	(426)	(471)	(438)	(1,805)	(481)	(419)	(433)	(479)	(1,812)
45. Provincial	618	550	522	560	2,250	668	555	633	704	2,560
46. Local	826	925	913	1,010	3,674	966	1,041	1,063	1,157	4,227
47. Hospitals	336	351	367	382	1,436	387	392	397	403	1,579
48. Transfer payments to persons	1,189	1,143	1,102	1,206	4,640	1,329	1,306	1,317	1,394	5,346
49. Federal	770	777	685	700	2,932	856	878	757	786	3,277
50. Provincial	397	343	394	482	1,616	449	401	526	577	1,953
51. Local	22	23	23	24	92	23	24	30	24	101
52. Canada Pension Plan	-	-	-	-	-	1	2	3	5	11
53. Quebec Pension Plan	-	-	-	-	-	-	1	1	2	4
54. Subsidies	117	147	202	190	656	127	130	201	185	643
55. Federal	91	134	146	153	524	104	114	141	159	518
56. Provincial	26	13	56	37	132	23	16	60	26	125

See footnote(s) at end of table.

TABLE 6. Government Revenue, Expenditure and Surplus or Deficit, by Level of Government, by Quarters - Continued
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
57. Capital assistance	18	16	13	27	74	21	13	32	20	86
58. Federal	14	16	12	26	68	20	10	27	15	72
59. Provincial	4	-	1	1	6	1	3	5	5	14
60. Current transfers to Non-residents- Federal	61	88	30	37	216	24	49	59	38	170
61. Interest on the public debt	428	528	462	556	1,974	505	609	559	595	2,268
62. Federal(6)	283	314	320	328	1,245	308	370	378	353	1,409
63. Provincial	89	85	73	110	357	117	111	93	126	447
64. Local	56	129	69	118	372	80	128	-88	116	412
65. Current transfers to other levels of government	1,230	1,506	1,415	1,490	5,641	1,500	1,814	1,610	1,713	6,637
66. Canada - To provinces	410	517	470	503	1,900	576	613	552	619	2,360
67. - To local governments	36	21	25	10	92	15	40	19	18	92
68. Provinces - To local governments ...	398	599	546	584	2,127	463	723	595	623	2,404
69. - To hospitals	370	358	360	378	1,466	431	423	428	433	1,715
70. Local governments - To provinces ...	12	7	9	10	38	10	10	11	14	45
71. - To hospitals ...	4	4	5	5	18	5	5	5	6	21
72. Total current expenditure(7)	5,756	6,097	5,932	6,350	24,135	6,529	6,754	6,801	7,224	27,308
73. Federal	2,598	2,710	2,594	2,649	10,551	2,905	2,919	2,863	3,003	11,690
74. Provincial	1,902	1,948	1,952	2,152	7,954	2,152	2,232	2,340	2,494	9,218
75. Local	920	1,088	1,019	1,167	4,194	1,084	1,208	1,197	1,317	4,806
76. Hospitals	336	351	367	382	1,436	387	392	397	403	1,579
77. Canada Pension Plan	-	-	-	-	-	1	2	3	5	11
78. Quebec Pension Plan	-	-	-	-	-	-	1	1	2	4
79. Saving (Total revenue less total current expenditure)	501	613	673	625	2,412	614	833	698	885	3,030
80. Federal	- 117	48	47	223	201	- 153	41	66	322	276
81. Provincial	141	49	109	66	365	278	104	104	176	662
82. Local	226	253	273	154	906	198	368	228	144	938
83. Hospitals	39	13	-	2	54	50	38	38	38	164
84. Canada Pension Plan	159	186	182	134	661	181	211	206	157	755
85. Quebec Pension Plan	53	64	62	46	225	60	71	56	48	235
<u>SURPLUS OR DEFICIT ON A NATIONAL ACCOUNTS BASIS</u>										
Saving as above:										
86. Add: Capital consumption allowances	224	228	232	237	921	239	244	250	255	988
87. Federal	44	44	45	46	179	46	47	48	50	191
88. Provincial	73	74	75	77	299	78	79	80	82	319
89. Local	88	90	92	94	364	95	97	100	101	393
90. Hospitals	19	20	20	20	79	20	21	22	22	85
91. Deduct: Gross capital formation	555	709	951	783	2,998	568	714	954	788	3,024
92. Federal	82	107	156	120	465	102	104	163	131	500
93. Provincial	233	226	298	289	1,046	216	188	277	277	958
94. Local	194	328	444	323	1,289	202	369	455	323	1,349
95. Hospitals	46	48	53	51	198	48	53	59	57	217
96. Equals: Surplus (+) or Deficit (-) ..	170	132	- 46	79	335	285	363	- 6	352	994
97. Federal	- 155	- 15	- 64	149	- 85	- 209	- 16	- 49	241	- 33
98. Provincial	- 19	- 103	- 114	- 146	- 382	140	- 5	- 93	- 19	23
99. Local	120	15	- 79	- 75	- 19	91	96	- 127	- 78	- 18
100. Hospitals	12	- 15	- 33	- 29	- 65	22	6	1	3	32
101. Canada Pension Plan	159	186	182	134	661	181	211	206	157	755
102. Quebec Pension Plan	53	64	62	46	225	60	71	56	48	235

See footnote(s) at end of table.

TABLE 6. Government Revenue, Expenditure and Surplus or Deficit, by Level of Government, by Quarters - Continued
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
<u>REVENUE</u>										
1. Direct taxes - Persons	2,275	2,599	2,563	2,610	10,047	2,683	2,984			
2. Federal(1)	1,446	1,684	1,636	1,735	6,501	1,735	1,905			
3. Provincial	580	614	650	695	2,539	690	763			
4. Local	-	-	-	-	-	-	-			
5. Canada Pension Plan	180	219	208	131	738	188	231			
6. Quebec Pension Plan	69	82	69	49	269	70	85			
7. Direct taxes - Corporate and govern- ment business enterprises	754	841	686	789	3,070	704	770			
8. Federal(2)	564	628	512	590	2,294	526	582			
9. (Federal tax collections)(2)	(633)	(941)	(636)	(559)	(2,769)	(689)	(839)			
10. Provincial(3)	190	213	174	199	776	178	188			
11. (Provincial tax collections)	(242)	(240)	(237)	(183)	(902)	(261)	(223)			
12. Direct taxes-Non-residents-Federal(4)	46	73	48	65	232	66	70			
13. Indirect taxes	2,711	2,737	2,881	2,993	11,322	2,884	2,904			
14. Federal	929	983	1,011	1,101	4,024	929	987			
15. Provincial	928	898	1,012	1,033	3,871	1,010	970			
16. Local	854	856	858	859	3,427	945	947			
17. Other current transfers from persons	235	165	157	237	794	301	246			
18. Federal	1	1	1	1	4	1	1			
19. Provincial	217	146	138	217	718	283	226			
20. Local	17	17	17	18	69	17	18			
21. Hospitals	-	1	1	1	3	-	1			
22. Investment income	477	506	471	591	2,045	541	556			
23. Federal	229	254	238	315	1,036	252	287			
24. Provincial	206	192	184	206	788	228	193			
25. Local	19	24	20	25	88	22	25			
26. Hospitals	1	1	1	2	5	1	1			
27. Canada Pension Plan	22	35	28	43	128	38	50			
28. Current transfers from other levels of government	1,704	2,179	1,644	1,835	7,362	1,914	2,342			
29. Provinces - From Canada	671	678	615	666	2,630	760	803			
30. - From local governments	12	11	8	13	44	13	8			
31. Local governments - From Canada	25	26	29	18	98	15	28			
32. - From provinces	498	974	503	631	2,606	561	960			
33. Hospitals - From provinces	493	484	483	501	1,961	559	537			
34. - From local governments	5	6	6	6	23	6	6			
35. Total revenue	8,202	9,100	8,450	9,120	34,872	9,093	9,872			
36. Federal	3,215	3,623	3,446	3,807	14,091	3,509	3,832			
37. Provincial	2,804	2,752	2,781	3,029	11,366	3,162	3,151			
38. Local	1,413	1,897	1,427	1,551	6,288	1,560	1,978			
39. Hospitals	499	492	491	510	1,992	566	545			
40. Canada Pension Plan	202	254	236	174	866	226	281			
41. Quebec Pension Plan	69	82	69	49	269	70	85			
<u>CURRENT EXPENDITURE</u>										
42. Current expenditure on goods and services(5)	3,371	3,235	3,513	3,655	13,774	3,899	3,850			
43. Federal	1,139	953	1,112	1,111	4,315	1,277	1,157			
44. (Defence)	(493)	(396)	(454)	(463)	(1,806)	(530)	(441)			
45. Provincial	703	624	680	801	2,808	878	826			
46. Local	1,111	1,225	1,274	1,281	4,891	1,271	1,383			
47. Hospitals	418	433	447	462	1,760	473	484			
48. Transfer payments to persons	1,517	1,491	1,490	1,562	6,060	1,755	1,607			
49. Federal	966	940	847	849	3,602	1,066	1,053			
50. Provincial	518	513	601	670	2,302	645	501			
51. Local	25	26	27	27	105	25	29			
52. Canada Pension Plan	6	9	11	12	38	15	18			
53. Quebec Pension Plan	2	3	4	4	13	4	6			
54. Subsidies	143	145	205	182	675	149	179			
55. Federal	120	134	151	155	560	131	168			
56. Provincial	23	11	54	27	115	18	11			

See footnote(s) at end of table.

TABLE 6. Government Revenue, Expenditure and Surplus or Deficit, by Level of Government, by Quarters - Continued
(millions of dollars)

		1969					1970				
		I	II	III	IV	Year	I	II	III	IV	Year
57.	Capital Assistance	20	28	23	36	107	29	42			
58.	Federal	16	26	17	29	88	25	39			
59.	Provincial	4	2	6	7	19	4	3			
60.	Current transfers to Non-residents - Federal	26	58	56	42	182	40	53			
61.	Interest on the public debt	577	700	624	720	2,621	691	773			
62.	Federal(6)	341	416	404	428	1,589	427	465			
63.	Provincial	155	145	127	160	587	175	158			
64.	Local	81	139	93	132	445	89	150			
65.	Current transfers to other levels of government	1,704	2,179	1,644	1,835	7,362	1,914	2,342			
66.	Canada - To provinces	671	678	615	666	2,630	760	803			
67.	- To local governments	25	26	29	18	98	15	28			
68.	Provinces - To local governments ...	498	974	503	631	2,606	561	960			
69.	- To hospitals	493	484	483	501	1,961	559	537			
70.	Local governments - To provinces ...	12	11	8	13	44	13	8			
71.	- To hospitals ...	5	6	6	6	23	6	6			
72.	Total current expenditure(7)	7,358	7,836	7,555	8,032	30,781	8,477	8,846			
73.	Federal	3,304	3,231	3,231	3,298	13,064	3,741	3,766			
74.	Provincial	2,394	2,753	2,454	2,797	10,398	2,840	2,996			
75.	Local	1,234	1,407	1,408	1,459	5,508	1,404	1,576			
76.	Hospitals	418	433	447	462	1,760	473	484			
77.	Canada Pension Plan	6	9	11	12	38	15	18			
78.	Quebec Pension Plan	2	3	4	4	13	4	6			
79.	Saving (Total revenue less total current expenditure)	844	1,264	895	1,088	4,091	616	1,026			
80.	Federal	- 89	392	215	509	1,027	- 232	66			
81.	Provincial	410	- 1	327	232	968	322	155			
82.	Local	179	490	19	92	780	156	402			
83.	Hospitals	81	59	44	48	232	93	61			
84.	Canada Pension Plan	196	245	225	162	828	211	263			
85.	Quebec Pension Plan	67	79	65	45	256	66	79			
<u>SURPLUS OR DEFICIT ON A NATIONAL ACCOUNTS BASIS</u>											
Saving as above:											
86.	Add: Capital consumption allowances .	261	268	274	280	1,083	287	294			
87.	Federal	50	52	53	54	209	55	57			
88.	Provincial	83	85	86	86	340	88	90			
89.	Local	106	108	111	115	440	119	121			
90.	Hospitals	22	23	24	25	94	25	26			
91.	Deduct: Gross capital formation	565	714	948	772	2,999	574	713			
92.	Federal	97	100	150	114	461	86	88			
93.	Provincial	222	181	274	276	953	215	168			
94.	Local	195	377	462	323	1,357	217	390			
95.	Hospitals	51	56	62	59	228	56	67			
96.	Equals: Surplus(+) or deficit(-)	540	818	221	596	2,175	329	607			
97.	Federal	- 136	44	118	449	775	- 263	35			
98.	Provincial	271	97	139	42	355	195	77			
99.	Local	90	221	- 332	- 116	- 137	58	133			
100.	Hospitals	52	26	6	14	98	62	20			
101.	Canada Pension Plan	196	245	225	162	828	211	263			
102.	Quebec Pension Plan	67	79	65	45	256	66	79			

(1) Includes the newly imposed taxes on life insurance companies. At the present time, for national accounts purposes, life insurance companies are treated as associations of individuals in so far as their investment activities are concerned. The new taxes are thus included here pending a complete review of the treatment of insurance.

(2) Excludes the refundable tax on corporate cash profits introduced may 1966. Refunding of the tax began in the third quarter of 1968. The amounts are as follows:

1966					1967					1968					1969					1970					
I	II	III	IV	Year	I	II	III	IV	Year	I	II	III	IV	Year	I	II	III	IV	Year	I	II	III	IV	Year	
-	19	57	56	132	64	27	10	8	109	-	5	9	-	52- 35 - 83	-	16-	34-	23-	36 - 109	-	10-	35			

(3) For the years 1950-1956 the data refer to provincial income tax collections; from 1957 on they refer to tax liabilities.

(5) Includes capital consumption allowances as shown in line '86.

(6) From 1951, interest on the federal public debt is on an accrual basis; prior to 1951 it is on a "due" date basis.

(7) See footnote 5

TABLE 7. Transactions of Residents with Non-residents in the National Income and Expenditure Accounts, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Exports of goods and services	3,175	3,846	3,926	3,766	14,713	3,608	4,312	4,464	4,411	16,795
2. Merchandise	2,596	3,003	2,691	3,048	11,338	3,017	3,512	3,342	3,667	13,538
3. Non-merchandise	579	843	1,235	718	3,375	591	800	1,122	744	3,257
4. Deduct: Imports of goods and services	-3,467	-4,099	-3,751	-3,918	-15,235	-3,838	-4,357	-4,158	-4,635	-16,988
5. Merchandise	-2,481	-2,975	-2,591	-2,725	-10,772	-2,754	-3,140	-2,859	-3,409	-12,162
6. Non-merchandise	-986	-1,124	-1,160	-1,193	-4,463	-1,084	-1,217	-1,299	-1,226	-4,826
7. Add: Net current transfers abroad	-38	-62	-14	21	-93	7	-6	-35	6	-28
8. Current transfers to abroad(-)(1) ..	-89	-139	-62	-64	-354	-52	-77	-86	-65	-280
9. Current transfers from abroad(+)(2)	51	77	48	85	261	59	71	51	71	252
10. Equals: Saving(3)	-330	-315	161	-131	-615	-223	-51	271	-218	-221
Reconciliation with the "Canadian Balance of International Payments":										
Saving as above	-330	-315	161	-131	-615	-223	-51	271	-218	-221
Add: Net inheritances and migrants' funds	17	46	39	14	116	8	45	74	34	161
Equals: Surplus(+) or deficit(-) on current account as per "Canadian Balance of International Payments"(4)	-313	-269	200	-117	-499	-215	-6	345	-184	-60

See footnotes below.

TABLE 7. Transactions of Residents with Non-residents in the National Income and Expenditure Accounts, by Quarters, 1969 and 1970
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Exports of goods and services	4,127	4,704	4,766	4,883	18,480	4,702	5,505			
2. Merchandise	3,469	3,805	3,557	4,055	14,886	3,936	4,528			
3. Non-merchandise	658	899	1,209	828	3,594	766	977			
4. Deduct: Imports of goods and services	-4,404	-5,062	-4,760	-5,120	-19,346	-4,702	-5,340			
5. Merchandise	-3,230	-3,706	-3,316	-3,766	-14,018	-3,314	-3,851			
6. Non-merchandise	-1,174	-1,356	-1,444	-1,354	-5,328	-1,388	-1,489			
7. Add: Net current transfers abroad	1	-3	-29	2	-29	16	5			
8. Current transfers to abroad(-)(1) ..	-56	-87	-88	-74	-305	-75	-90			
9. Current transfers from abroad(+)(2)	57	84	59	76	276	91	95			
10. Equals: Saving(3)	-276	-361	-23	-235	-895	16	170			
Reconciliation with the "Canadian Balance of International Payments":										
Saving as above	-276	-361	-23	-235	-895	16	170			
Add: Net inheritances and migrants' funds	18	50	56	49	173	34	42			
Equals: Surplus(+) or deficit(-) on current account as per "Canadian Balance of International Payments"(4)	-258	-311	33	-186	-722	50	212			

(1) Includes personal remittances, government official contributions and government pension payments.

(2) Includes withholding taxes and personal remittances from abroad.

(3) Saving of residents on transactions with non-residents in the national income and expenditure accounts. A negative figure indicates savings made available to the economy by non-residents (see line 8, Table 8).

(4) See "Quarterly Estimates of the Canadian Balance of International Payments", DBS 67-001.

TABLE 8. Sources of Gross Saving, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
Saving										
Persons and unincorporated business										
1. Personal saving	806	442	2,394	-346	3,296	482	681	2,667	-314	3,516
2. Adjustment on grain transactions(1)	-249	99	53	24	-73	-98	-200	40	39	-219
Corporate and government business enterprises										
3. Undistributed corporation profits	530	753	608	571	2,462	478	798	678	722	2,676
4. Undistributed profits of government business enterprises	87	43	37	29	196	68	55	63	69	255
5. Capital assistance	16	15	12	26	69	19	12	30	19	80
6. Inventory valuation adjustment ...	-131	-43	-45	-104	-323	-108	-53	-29	-127	-317
7. Government	501	613	673	625	2,412	614	833	698	885	3,030
8. Non-residents	330	315	-161	131	615	223	51	-271	218	221
9. Capital consumption allowances and miscellaneous valuation adjustments	1,900	1,998	1,964	2,015	7,877	2,003	2,131	2,124	2,153	8,411
10. Residual error of estimate	-234	-101	-56	172	-219	-229	-236	-110	24	-551
11. Total	3,556	4,134	5,479	3,143	16,312	3,452	4,072	5,890	3,688	17,102

See footnote below.

TABLE 8. Sources of Gross Saving, by Quarters, 1969 and 1970
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
Saving										
Persons and unincorporated business										
1. Personal saving	535	394	2,812	-353	3,388	995	780			
2. Adjustment on grain transactions(1)	-	-3	22	32	51	40	47			
Corporate and government business enterprises										
3. Undistributed corporation profits	637	918	662	594	2,811	541	769			
4. Undistributed profits of government business enterprises	95	63	79	49	286	90	86			
5. Capital assistance	19	27	21	36	103	29	41			
6. Inventory valuation adjustment ...	-156	-156	-74	-163	-549	-118	-46			
7. Government	844	1,264	895	1,088	4,091	616	1,026			
8. Non-residents	276	361	23	235	895	-16	-170			
9. Capital consumption allowances and miscellaneous valuation adjustments	2,160	2,246	2,300	2,360	9,066	2,376	2,488			
10. Residual error of estimate	-437	-387	-279	59	-1,044	-535	-383			
11. Total	3,973	4,727	6,461	3,937	19,098	4,018	4,638			

(1) This item is the adjustment to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board. See also footnote 1, Table 4.

TABLE 9. Disposition of Gross Saving, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Total gross fixed capital formation(1)	3,516	4,074	4,209	3,885	15,684	3,440	3,968	4,254	4,147	15,809
2. Residential construction	540	646	834	802	2,822	622	776	904	965	3,267
3. Non-residential construction	1,473	1,716	2,100	1,843	7,132	1,449	1,717	2,108	1,870	7,144
4. Machinery and equipment	1,503	1,712	1,275	1,240	5,730	1,369	1,475	1,242	1,312	5,398
5. Value of physical change in inventories	-194	-41	1,214	-571	408	-217	-132	1,525	-435	741
6. Residual error of estimate	234	101	56	-171	220	229	236	111	-24	552
7. Total	3,556	4,134	5,479	3,143	16,312	3,452	4,072	5,890	3,688	17,102

See footnote below.

TABLE 9. Disposition of Gross Saving, by Quarters, 1969 and 1970
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Total gross fixed capital formation(1)	3,653	4,360	4,577	4,421	17,011	3,678	4,091			
2. Residential construction	767	977	1,066	1,056	3,866	779	819			
3. Non-residential construction	1,488	1,752	2,162	1,939	7,341	1,541	1,727			
4. Machinery and equipment	1,398	1,631	1,349	1,426	5,804	1,358	1,545			
5. Value of physical change in inventories	-117	-20	1,605	-425	1,043	-194	163			
6. Residual error of estimate	437	387	279	-59	1,044	534	384			
7. Total	3,973	4,727	6,461	3,937	19,098	4,018	4,638			

(1) For a breakdown between government and business, see Table 2.

TABLE 10. Gross National Expenditure in Constant(1961) Dollars, by Quarters, 1967 and 1968(1)
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	7,981	8,535	8,259	9,534	34,309	8,371	8,825	8,696	9,961	35,853
2. Durable goods	1,077	1,401	1,189	1,256	4,923	1,157	1,404	1,277	1,399	5,237
3. Semi-durable goods	712	884	877	1,219	3,692	745	902	897	1,265	3,809
4. Non-durable goods	3,157	3,224	3,291	3,937	13,609	3,324	3,316	3,369	4,063	14,072
5. Services	3,035	3,026	2,902	3,122	12,085	3,145	3,203	3,153	3,234	12,735
6. Government current expenditure on goods and services	2,089	2,016	2,018	2,102	8,225	2,175	2,032	2,126	2,206	8,539
7. Gross fixed capital formation	2,965	3,449	3,537	3,240	13,191	2,914	3,315	3,522	3,426	13,177
8. Government	482	571	748	635	2,436	495	569	745	649	2,458
9. Residential construction	2	2	2	3	9	2	2	3	3	10
10. Non-residential construction	396	497	651	548	2,092	400	493	648	557	2,098
11. Machinery and equipment	84	72	95	84	335	93	74	94	89	350
12. Business	2,483	2,878	2,789	2,605	10,755	2,419	2,746	2,777	2,777	10,719
13. Residential construction	432	510	655	621	2,218	490	601	693	734	2,518
14. Non-residential construction	843	933	1,090	968	3,834	810	914	1,080	978	3,782
15. Machinery and equipment	1,208	1,435	1,044	1,016	4,703	1,119	1,231	1,004	1,065	4,419
16. Value of physical change in inventories	-151	-97	1,017	-457	312	-163	-86	1,173	-313	611
17. Government	-22	15	31	-2	22	-20	12	33	-2	23
Business										
18. Non-farm	247	65	64	-69	307	207	79	119	76	481
19. Farm and grain in commercial channels	-376	-177	922	-386	-17	-350	-177	1,021	-387	107
20. Exports of goods and services	2,803	3,390	3,417	3,331	12,941	3,136	3,741	3,834	3,853	14,564
21. (of which: merchandise)	(2,332)	(2,710)	(2,442)	(2,756)	(10,240)	(2,672)	(3,125)	(2,971)	(3,289)	(12,057)
22. Deduct: Imports of goods and services	-3,110	-3,679	-3,353	-3,510	-13,652	-3,384	-3,838	-3,649	-4,083	-14,954
23. (of which: merchandise)	(2,285)	(2,742)	(2,399)	(2,516)	(9,942)	(2,508)	(2,857)	(2,625)	(3,110)	(11,100)
24. Residual error of estimate	201	86	47	-143	191	190	194	90	-19	455
25. GROSS NATIONAL EXPENDITURE IN CONSTANT(1961) DOLLARS	12,778	13,700	14,942	14,097	55,517	13,239	14,183	15,792	15,031	58,245

(1) The implicit price deflators of the seasonally unadjusted components of Gross National Expenditure, derived by dividing the value figures in Table 2 by the constant dollar figures in Table 10, are not suitable as indicators of quarter-to-quarter price change. This is because they are currently weighted and therefore are affected by compositional shifts which occur within the unadjusted components of Gross National Expenditure on a quarter-to-quarter basis. Quarter-to-quarter movement in the implicit price deflators based on seasonally adjusted data are less subject to the problem of shifting weights and may be used as a measure of price change.

TABLE 10. Gross National Expenditure in Constant(1961) Dollars, by Quarters, 1969 and 1970(1)
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	8,888	9,380	9,130	10,449	37,847	9,041	9,509			
2. Durable goods	1,284	1,477	1,333	1,470	5,564	1,135	1,379			
3. Semi-durable goods	805	984	919	1,328	4,036	805	976			
4. Non-durable goods	3,511	3,546	3,563	4,276	14,896	3,705	3,676			
5. Services	3,288	3,373	3,315	3,375	13,351	3,396	3,478			
6. Government current expenditure on goods and services	2,250	2,104	2,249	2,289	8,892	2,414	2,353			
7. Gross fixed capital formation	2,976	3,502	3,626	3,479	13,583	2,877	3,186			
8. Government	474	567	725	611	2,377	467	545			
9. Residential construction	1	2	3	2	8	4	4			
10. Non-residential construction	386	494	641	537	2,058	389	469			
11. Machinery and equipment	87	71	81	72	311	74	72			
12. Business	2,502	2,935	2,901	2,868	11,206	2,410	2,641			
13. Residential construction	569	708	780	777	2,834	563	583			
14. Non-residential construction	802	892	1,044	944	3,682	777	836			
15. Machinery and equipment	1,131	1,335	1,077	1,147	4,690	1,070	1,222			
16. Value of physical change in inventories	-53	-108	1,428	-357	910	- 201	55			
17. Government	-22	10	27	-12	3	- 26	7			
Business										
18. Non-farm	355	20	18	63	456	223	111			
19. Farm and grain in commercial channels	-386	-138	1,383	-408	451	- 398	- 63			
20. Exports of goods and services	3,547	3,984	3,988	4,145	15,664	3,990	4,552			
21. (of which: merchandise)	(3,054)	(3,320)	(3,112)	(3,548)	(13,034)	(3,444)	(3,863)			
22. Deduct: Imports of goods and services	-3,828	-4,362	-4,027	-4,349	-16,566	-3,855	-4,358			
23. (of which: merchandise)	(2,894)	(3,300)	(2,914)	(3,292)	(12,400)	(-2,783)	(-3,233)			
24. Residual error of estimate	346	302	215	- 45	818	407	290			
25. GROSS NATIONAL EXPENDITURE IN CONSTANT(1961) DOLLARS	14,126	14,802	16,609	15,611	61,148	14,673	15,587			

(1) The implicit price deflators of the seasonally unadjusted components of Gross National Expenditure, derived by dividing the value figures in Table 2 by the constant dollar figures in Table 10, are not suitable as indicators of quarter-to-quarter price change. This is because they are currently weighted and therefore are affected by compositional shifts which occur within the unadjusted components of Gross National Expenditure on a quarter-to-quarter basis. Quarter-to-quarter movements in the implicit price deflators based on seasonally adjusted data are less subject to the problem of shifting weights and may be used as a measure of price change.

TABLES ADJUSTED FOR SEASONAL VARIATION AND AT ANNUAL RATES

TABLE 11. National Income and Gross National Product, by Quarters, 1967 and 1968
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	34,208	34,996	35,756	36,140	35,275	36,912	37,976	38,876	40,208	38,493
2. Military pay and allowances	820	848	884	804	839	828	808	864	940	860
3. Corporation profits before taxes(1)*	6,664	6,640	6,844	6,948	6,774	6,960	7,316	7,568	7,924	7,442
4. Deduct: Dividends paid to non-residents(2)	- 736	- 824	- 920	- 936	- 854	- 864	- 944	- 892	- 728	- 857
5. Interest, and miscellaneous investment income(3)	2,308	2,304	2,332	2,396	2,335	2,364	2,500	2,708	2,748	2,580
6. Accrued net income of farm operators from farm production(4)	1,452	1,540	1,212	1,020	1,306	1,536	1,256	1,516	1,576	1,471
7. Net income of non-farm unincorporated business including rent(5)	3,708	3,864	4,048	4,084	3,926	4,104	4,208	4,244	4,316	4,218
8. Inventory valuation adjustment(6)	- 448	- 152	- 324	- 368	- 323	- 352	- 196	- 272	- 448	- 317
9. NET NATIONAL INCOME AT FACTOR COST ...	47,976	49,216	49,832	50,088	49,278	51,488	52,924	54,612	56,536	53,890
10. Indirect taxes less subsidies	8,796	8,784	8,744	8,820	8,786	9,516	9,512	9,700	9,980	9,677
11. Capital consumption allowances and miscellaneous valuation adjustments	7,752	7,900	7,848	8,008	7,877	8,168	8,416	8,488	8,572	8,411
12. Residual error of estimate	- 292	- 144	- 200	- 240	- 219	- 196	- 584	- 624	- 800	- 551
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	64,232	65,756	66,224	66,676	65,722	68,976	70,268	72,176	74,288	71,427
14. (Gross national product at market prices excluding accrued net income of farm operators)	(62,780)	(64,216)	(65,012)	(65,656)	(64,416)	(67,440)	(69,012)	(70,660)	(72,712)	(69,956)

See footnotes below.

TABLE 11. National Income and Gross National Product, by Quarters, 1969 and 1970
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	41,672	42,612	43,724	44,804	43,203	46,212	46,380			
2. Military pay and allowances	840	920	884	948	898	896	928			
3. Corporation profits before taxes(1)*	8,160	8,084	7,576	7,588	7,852	7,836	7,420			
4. Deduct: Dividends paid to non-residents(2)	- 860	- 848	- 796	- 844	- 837	- 1,084	- 960			
5. Interest, and miscellaneous investment income(3)	3,084	3,136	3,272	3,292	3,196	3,332	3,560			
6. Accrued net income of farm operators from farm production(4)	1,540	1,552	1,964	1,724	1,695	1,640	1,680			
7. Net income of non-farm unincorporated business including rent (5)	4,292	4,388	4,480	4,480	4,410	4,492	4,448			
8. Inventory valuation adjustment(6)	- 536	- 616	- 460	- 584	- 549	- 380	- 180			
9. NET NATIONAL INCOME AT FACTOR COST ...	58,192	59,228	60,644	61,408	59,868	62,944	63,276			
10. Indirect taxes less subsidies	10,456	10,524	10,692	10,916	10,647	11,088	11,096			
11. Capital consumption allowances and miscellaneous valuation adjustments	8,796	8,872	9,200	9,396	9,066	9,716	9,804			
12. Residual error of estimate	- 956	- 1,144	- 1,244	- 832	- 1,044	- 1,088	- 984			
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	76,488	77,480	79,292	80,888	78,537	82,660	83,192			
14. (Gross national product at market prices excluding accrued net income of farm operators)	(74,948)	(75,928)	(77,328)	(79,164)	(76,842)	(81,020)	(81,512)			

(1) See footnote 1, Table 1. *See Technical Note re Corporation and Labour Unions Returns Act, page 4.

(2) See footnote 2, Table 1.

(3) See footnote 3, Table 1.

(4) Includes an arbitrary smoothing of crop production, and standard seasonal adjustments for withdrawals of grain from farm stocks and for the change in farm-held livestock and other inventories. Because of the arbitrary element, too precise an interpretation should not be given the seasonally adjusted figures of accrued net income of farm operators.

(5) See footnote 5, Table 1.

(6) See footnote 4, Table 2.

TABLE 12. Gross National Expenditure, by Quarters, 1967 and 1968
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	37,596	38,524	39,580	40,292	38,998	41,104	41,596	42,812	43,928	42,360
2. Government current expenditure on goods and services(1)	10,452	11,048	11,036	11,200	10,934	11,660	11,744	12,328	12,900	12,158
3. Gross fixed capital formation	16,004	15,956	15,624	15,152	15,684	15,744	15,548	15,744	16,200	15,809
4. Government(2)	2,952	2,980	2,980	2,964	2,969	2,988	3,012	2,988	2,992	2,995
5. Residential construction	12	12	12	16	13	8	12	16	16	13
6. Non-residential construction	2,584	2,612	2,600	2,600	2,599	2,592	2,608	2,600	2,608	2,602
7. Machinery and equipment	356	356	368	348	357	388	392	372	368	380
8. Business(3)	13,052	12,976	12,644	12,188	12,715	12,756	12,536	12,756	13,208	12,814
9. Residential construction	2,584	2,712	2,964	2,976	2,809	3,024	3,200	3,208	3,584	3,254
10. Non-residential construction	4,628	4,544	4,504	4,456	4,533	4,532	4,536	4,536	4,564	4,542
11. Machinery and equipment	5,840	5,720	5,176	4,756	5,373	5,200	4,800	5,012	5,060	5,018
12. Value of physical change in inventories	440	640	668	- 116	408	656	508	1,016	784	741
13. Government	12	32	36	36	29	20	20	40	36	29
Business										
14. Non-farm(4)	540	540	612	- 224	367	408	364	816	304	473
15. Farm and grain in commercial channels(5)	- 112	68	20	72	12	228	124	160	444	239
16. Exports of goods and services	14,436	14,912	14,516	14,988	14,713	16,204	16,732	16,664	17,580	16,795
17. Deduct: Imports of goods and services	-14,984	-15,472	-15,400	-15,084	-15,235	-16,584	-16,448	-17,012	-17,908	-16,988
18. Residual error of estimate	288	148	200	244	220	192	588	624	804	552
19. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	64,232	65,756	66,224	66,676	65,722	68,976	70,268	72,176	74,288	71,427
Detail of Farm Inventories and GICC:										
Value of grain crop production	1,208	1,208	1,208	1,212	1,209	1,480	1,484	1,484	1,484	1,483
Depletions of farm stocks of grain	- 1,308	- 1,440	- 1,452	- 1,232	- 1,358	- 1,428	- 1,172	- 988	- 1,296	- 1,221
Change in other farm-held inventories	- 36	140	- 84	- 20	-	28	- 56	- 64	- 24	- 29
Grain in commercial channels	24	160	348	112	161	148	- 132	- 272	280	6

(1) Includes defence expenditures. Data for the years 1967-1968 are shown in line 44, Table 16.

(2) See footnote 2, Table 2.

(3) See footnote 3, Table 2.

(4) See footnote 4, Table 2.

(5) In the seasonally adjusted series, the value of grain crop production in each quarter is taken as one-fourth of the estimated value of crop production for the year as a whole (see footnote 4, Table 11). All other items in the farm inventories series are seasonally adjusted by standard techniques.

TABLE 13. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1967 and 1968
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. GROSS NATIONAL PRODUCT AT MARKET PRICES	64,232	65,756	66,224	66,676	65,722	68,976	70,268	72,176	74,288	71,427
2. Deduct: Residual error of estimate	292	144	200	240	219	196	584	624	800	551
3. Indirect taxes less subsidies	- 8,796	- 8,784	- 8,744	- 8,820	- 8,786	- 9,516	- 9,512	- 9,700	- 9,980	- 9,677
4. Income received from non-residents	- 492	- 400	- 488	- 476	- 464	- 528	- 584	- 636	- 584	- 583
5. Add: Income paid to non-residents	1,580	1,700	1,808	1,844	1,733	1,840	1,896	1,912	1,716	1,841
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	56,816	58,416	59,000	59,464	58,424	60,968	62,652	64,376	66,240	63,559

TABLE 12. Gross National Expenditure, by Quarters, 1969 and 1970
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	45,256	46,032	46,648	48,188	46,531	48,316	48,796			
2. Government current expenditure on goods and services(1)	13,048	13,388	14,256	14,404	13,774	15,032	15,984			
3. Cross fixed capital formation	16,756	17,032	16,984	17,272	17,011	16,972	15,956			
4. Government(2)	3,004	3,000	2,976	2,992	2,993	3,104	2,956			
5. Residential construction	8	12	16	12	12	20	20			
6. Non-residential construction	2,616	2,620	2,648	2,672	2,639	2,740	2,568			
7. Machinery and equipment	380	368	312	308	342	344	368			
8. Business(3)	13,752	14,032	14,008	14,280	14,018	13,868	13,000			
9. Residential construction	3,748	3,980	3,776	3,912	3,854	3,848	3,312			
10. Non-residential construction	4,688	4,664	4,684	4,772	4,702	4,832	4,588			
11. Machinery and equipment	5,316	5,388	5,548	5,596	5,462	5,188	5,100			
12. Value of physical change in inventories	1,180	848	1,348	796	1,043	396	544			
13. Government	12	16	12	-16	6	-8	4			
Business										
14. Non-farm(4)	1,064	196	420	456	534	608	516			
15. Farm and grain in commercial channels(5)	104	636	916	356	503	-204	24			
16. Exports of goods and services	18,364	18,064	18,188	19,304	18,480	21,108	21,032			
17. Deduct: Imports of goods and services	-19,068	-19,032	-19,376	-19,908	-19,346	-20,256	-20,104			
18. Residual error of estimate	952	1,148	1,244	832	1,044	1,092	984			
19. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	76,488	77,480	79,292	80,888	78,537	82,660	83,192			
Detail of Farm Inventories and GICC:										
Value of grain crop production	1,444	1,444	1,444	1,444	1,444	804	804			
Depletions of farm stocks of grain	- 1,288	- 1,064	- 1,484	- 980	- 1,204	-1,108	-896			
Change in other farm-held inventories	- 212	88	392	32	75	40	240			
Grain in commercial channels	160	168	564	- 140	188	60	-124			

(1) Includes defence expenditures. Data for 1969 and 1970 are shown in line 44, Table 16.

(2) See footnote 2, Table 2.

(3) See footnote 3, Table 2.

(4) See footnote 4, Table 2.

(5) In the seasonally adjusted series, the value of grain crop production in each quarter is taken as one-fourth of the estimated value of crop production for the year as a whole (see footnote 4, Table 11). All other items in the farm inventories series are seasonally adjusted by standard techniques.

TABLE 13. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1969 and 1970
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. GROSS NATIONAL PRODUCT AT MARKET PRICES	76,488	77,480	79,292	80,888	78,537	82,660	83,192			
2. Deduct: Residual error of estimate	956	1,144	1,244	832	1,044	1,088	984			
3. Indirect taxes less subsidies	- 10,456	-10,524	-10,692	-10,916	-10,647	- 11,088	- 11,096			
4. Income received from non-residents	-712	-808	-764	-796	-770	- 1,004	- 1,032			
5. Add: Income paid to non-residents ..	1,940	2,008	2,008	1,988	1,986	2,472	2,324			
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	68,216	69,300	71,088	71,996	70,150	74,128	74,372			

TABLE 14. Sources of Personal Income, by Quarters, 1967 and 1968
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	34,208	34,996	35,756	36,140	35,275	36,912	37,976	38,876	40,208	38,493
2. Military pay and allowances	820	848	884	804	839	828	808	864	940	860
3. Net income received by farm operators from farm production(1)	1,508	1,532	1,400	1,076	1,379	1,764	1,508	1,768	1,720	1,690
4. Net income of non-farm unincorporated business including rent	3,708	3,864	4,048	4,084	3,926	4,104	4,208	4,244	4,316	4,218
5. Interest, dividends, and miscellaneous investment income(2)	3,832	3,908	4,028	4,156	3,981	4,236	4,368	4,460	4,484	4,387
<u>Current transfers</u>										
6. From government	4,396	4,636	4,612	4,936	4,645	4,900	5,292	5,520	5,696	5,352
7. Transfer payments to persons	4,388	4,632	4,608	4,932	4,640	4,892	5,288	5,512	5,692	5,346
8. Capital assistance	8	4	4	4	5	8	4	8	4	6
9. From corporations(3)	120	120	116	124	120	128	128	124	128	127
10. From non-residents	40	44	44	44	43	40	44	44	44	43
11. PERSONAL INCOME	48,632	49,948	50,888	51,364	50,208	52,912	54,332	55,900	57,536	55,170

See footnotes below.

TABLE 14. Sources of Personal Income, by Quarters, 1969 and 1970
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	41,672	42,612	43,724	44,804	43,203	46,212	46,380			
2. Military pay and allowances	840	920	884	948	898	896	928			
3. Net income received by farm operators from farm production(1)	1,412	1,524	1,976	1,664	1,644	1,428	1,528			
4. Net income of non-farm unincorporated business including rent	4,292	4,388	4,480	4,480	4,410	4,492	4,448			
5. Interest, dividends, and miscellaneous investment income(2)	4,696	4,896	5,060	5,160	4,953	5,252	5,384			
<u>Current transfers</u>										
6. From government	5,632	6,056	6,224	6,344	6,064	6,516	6,512			
7. Transfer payments to persons	5,628	6,052	6,216	6,344	6,060	6,516	6,508			
8. Capital assistance	4	4	8	-	4	-	4			
9. From corporations(3)	124	128	128	128	127	128	136			
10. From non-residents	44	44	44	44	44	104	100			
11. PERSONAL INCOME	58,712	60,568	62,520	63,572	61,343	65,028	65,416			

(1) See footnote 1, Table 4.

(2) See footnote 2, Table 4.

(3) See footnote 3, Table 4.

TABLE 15. Disposition of Personal Income, by Quarters, 1967 and 1968
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services.....	37,596	38,524	39,580	40,292	38,998	41,104	41,596	42,812	43,928	42,360
2. Durable goods	4,732	5,224	5,116	5,160	5,058	5,232	5,412	5,628	5,764	5,509
3. Semi-durable goods	4,072	4,328	4,416	4,376	4,298	4,452	4,504	4,612	4,700	4,567
4. Non-durable goods	14,704	14,988	15,512	15,876	15,270	16,080	16,108	16,532	17,052	16,443
5. Services(1)	14,088	13,984	14,536	14,880	14,372	15,340	15,572	16,040	16,412	15,841
<u>Current transfers</u>										
To government										
6. Income taxes	4,880	4,524	4,996	5,216	4,904	5,760	5,516	5,952	6,460	5,922
7. Succession duties and estate taxes	216	204	212	228	215	236	224	248	232	235
8. Employer and employee contributions to social insurance and government pension funds	1,840	1,876	1,952	1,900	1,892	2,068	1,980	2,052	2,260	2,090
9. Other	388	408	416	408	405	460	520	560	616	539
10. To corporations(2)	344	356	364	376	360	380	392	400	420	398
11. To non-residents	108	196	132	116	138	108	104	112	116	110
12. Personal saving	3,260	3,860	3,236	2,828	3,296	2,796	4,000	3,764	3,504	3,516
13. PERSONAL INCOME	48,632	49,948	50,888	51,364	50,208	52,912	54,332	55,900	57,536	55,170
14. (Personal disposable income) (13-6-7-8-9)	(41,308)	(42,936)	(43,312)	(43,612)	(42,792)	(44,388)	(46,092)	(47,088)	(47,968)	(46,384)

See footnotes below.

TABLE 15. Disposition of Personal Income, by Quarters, 1969 and 1970
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	45,256	46,032	46,648	48,188	46,531	48,316	48,796			
2. Durable goods	5,864	5,796	5,896	6,124	5,920	5,448	5,620			
3. Semi-durable goods	4,940	5,060	4,888	5,080	4,992	5,056	5,112			
4. Non-durable goods	17,384	17,648	17,936	18,756	17,931	19,208	19,224			
5. Services(1)	17,068	17,528	17,928	18,228	17,688	18,604	18,840			
<u>Current transfers</u>										
To government										
6. Income taxes	6,544	7,476	7,744	8,112	7,469	8,068	8,908			
7. Succession duties and estate taxes	236	232	240	240	237	232	244			
8. Employer and employee contributions to social insurance and government pension funds	2,340	2,356	2,376	2,292	2,341	2,428	2,436			
9. Other	768	688	728	992	794	984	1,032			
10. To corporations(2)	440	456	472	472	460	476	476			
11. To non-residents	116	108	132	136	123	136	152			
12. Personal saving	3,012	3,220	4,180	3,140	3,388	4,388	3,372			
13. PERSONAL INCOME	58,712	60,568	62,520	63,572	61,343	65,028	65,416			
14. (Personal disposable income) (13-6-7-8-9)	(48,824)	(49,816)	(51,432)	(51,936)	(50,502)	(53,316)	(52,796)			

(1) See footnote 1, Table 5.

(2) See footnote 2, Table 5.

TABLE 16. Government Revenue, Expenditure and Surplus or Deficit, by Level of Government, by Quarters
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
<u>REVENUE</u>										
1. Direct taxes - Persons	6,936	6,604	7,160	7,344	7,011	8,064	7,720	8,252	8,952	8,247
2. Federal(1)	4,184	4,132	4,368	4,480	4,291	4,976	4,792	5,068	5,592	5,107
3. Provincial	1,916	1,644	1,928	1,996	1,871	2,156	2,024	2,272	2,408	2,215
4. Local	-	-	-	-	-	-	-	-	-	-
5. Canada Pension Plan	620	616	624	636	624	688	664	692	700	686
6. Quebec Pension Plan	216	212	240	232	225	244	240	220	252	239
7. Direct taxes - Corporate and govern- ment business enterprises	2,316	2,364	2,464	2,444	2,397	2,616	2,680	2,860	3,080	2,809
8. Federal(2)	1,720	1,760	1,844	1,820	1,786	1,964	2,008	2,144	2,304	2,105
9. (Federal tax collections)(2)	(1,780)	(1,824)	(1,840)	(1,848)	(1,823)	(1,772)	(1,512)	(2,368)	(1,912)	(1,891)
10. Provincial(3)	596	604	620	624	611	652	672	716	776	704
11. (Provincial tax collections)	(572)	(604)	(616)	(656)	(612)	(688)	(620)	(720)	(704)	(683)
12. Direct taxes-Non-residents-Federal(4)	192	236	212	232	218	224	208	216	188	209
13. Indirect taxes	9,348	9,444	9,432	9,544	9,442	10,100	10,132	10,384	10,664	10,320
14. Federal	3,776	3,748	3,664	3,632	3,705	3,676	3,628	3,796	3,944	3,761
15. Provincial	2,824	2,948	3,008	3,148	2,982	3,324	3,404	3,476	3,600	3,451
16. Local(5)	2,748	2,748	2,760	2,764	2,755	3,100	3,100	3,112	3,120	3,108
17. Other current transfers from persons	388	408	416	408	405	460	520	560	616	539
18. Federal	-	4	4	4	3	4	4	4	4	4
19. Provincial	336	344	344	340	341	396	448	488	544	469
20. Local	52	56	64	60	58	60	64	64	64	63
21. Hospitals	-	4	4	4	3	-	4	4	4	3
22. Investment income	1,328	1,428	1,440	1,536	1,433	1,516	1,520	1,700	1,572	1,577
23. Federal	660	748	812	776	749	764	780	880	696	780
24. Provincial	572	580	516	636	576	596	580	660	708	636
25. Local	64	68	68	72	68	72	76	76	84	77
26. Hospitals	4	4	4	-	3	4	4	4	4	4
27. Canada Pension Plan	28	28	40	52	37	80	80	80	80	80
28. Current transfers from other levels of government	5,180	5,580	5,916	5,888	5,641	6,336	6,680	6,696	6,836	6,637
29. Provinces - From Canada	1,624	2,008	2,036	1,932	1,900	2,324	2,324	2,368	2,424	2,360
30. - From local governments	44	36	36	36	38	36	48	44	52	45
31. Local governments - From Canada	136	56	108	68	92	52	132	84	100	92
32. - From provinces	1,952	2,020	2,240	2,296	2,127	2,264	2,456	2,420	2,476	2,404
33. Hospitals - From provinces	1,408	1,444	1,476	1,536	1,466	1,640	1,700	1,760	1,760	1,715
34. - From local governments	16	16	20	20	18	20	20	20	24	21
35. Total revenue	25,688	26,064	27,040	27,396	26,547	29,316	29,460	30,668	31,908	30,338
36. Federal	10,532	10,628	10,904	10,944	10,752	11,608	11,420	12,108	12,728	11,966
37. Provincial	7,912	8,164	8,488	8,712	8,319	9,484	9,500	10,024	10,512	9,880
38. Local	4,952	4,948	5,240	5,260	5,100	5,548	5,828	5,756	5,844	5,744
39. Hospitals	1,428	1,468	1,504	1,560	1,490	1,664	1,728	1,788	1,792	1,743
40. Canada Pension Plan	648	644	664	688	661	768	744	772	780	766
41. Quebec Pension Plan	216	212	240	232	225	244	240	220	252	239
<u>CURRENT EXPENDITURE</u>										
42. Current expenditure on goods and services(6)	10,452	11,048	11,036	11,200	10,934	11,660	11,744	12,328	12,900	12,158
43. Federal	3,420	3,636	3,668	3,572	3,574	3,676	3,664	3,760	4,068	3,792
44. (Defence)	(1,704)	(1,860)	(1,924)	(1,732)	(1,805)	(1,760)	(1,836)	(1,756)	(1,896)	(1,812)
45. Provincial	2,232	2,348	2,192	2,228	2,250	2,412	2,384	2,664	2,780	2,560
46. Local	3,456	3,660	3,708	3,872	3,674	4,024	4,128	4,316	4,440	4,227
47. Hospitals	1,344	1,404	1,468	1,528	1,436	1,548	1,568	1,588	1,612	1,579
48. Transfer payments to persons	4,388	4,632	4,608	4,932	4,640	4,892	5,288	5,512	5,692	5,346
49. Federal	2,780	3,008	2,968	2,972	2,932	3,072	3,376	3,312	3,348	3,277
50. Provincial	1,520	1,532	1,548	1,864	1,616	1,720	1,804	2,068	2,220	1,953
51. Local	88	92	92	96	92	96	96	116	96	101
52. Canada Pension Plan	-	-	-	-	-	4	8	12	20	11
53. Quebec Pension Plan	-	-	-	-	-	-	4	4	8	4
54. Subsidies	552	660	688	724	656	584	620	684	684	643
55. Federal	432	548	544	572	524	476	492	528	576	518
56. Provincial	120	112	144	152	132	108	128	156	108	125

See footnote(s) at end of table.

TABLE 16. Government Revenue, Expenditure and Surplus or Deficit, by Level of Government, by Quarters
Seasonally Adjusted at Annual Rates - Continued
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
57. Capital Assistance	80	56	60	100	74	84	40	148	72	86
58. Federal	64	56	56	96	68	80	28	128	52	72
59. Provincial	16	-	4	4	6	4	12	20	20	14
60. Current transfers to Non-residents- Federal	268	324	92	180	216	132	156	208	184	170
61. Interest on the public debt	1,852	1,940	1,968	2,136	1,974	2,188	2,244	2,364	2,276	2,268
62. Federal(7)	1,192	1,208	1,256	1,324	1,245	1,308	1,420	1,488	1,420	1,409
63. Provincial	328	336	360	404	357	428	440	456	464	447
64. Local	332	396	352	408	372	452	384	420	392	412
65. Current transfers to other levels of government	5,180	5,580	5,916	5,888	5,641	6,336	6,680	6,696	6,836	6,637
66. Canada - To provinces	1,624	2,008	2,036	1,932	1,900	2,324	2,324	2,368	2,424	2,360
67. - To local governments	136	56	108	68	92	52	132	84	100	92
68. Provinces - To local governments ...	1,952	2,020	2,240	2,296	2,127	2,264	2,456	2,420	2,476	2,404
69. - To hospitals	1,408	1,444	1,476	1,536	1,466	1,640	1,700	1,760	1,760	1,715
70. Local governments - To provinces ...	44	36	36	36	38	36	48	44	52	45
71. - To hospitals ...	16	16	20	20	18	20	20	20	24	21
72. Total current expenditure(8)	22,772	24,240	24,368	25,160	24,135	25,876	26,772	27,940	28,644	27,308
73. Federal	9,916	10,844	10,728	10,716	10,551	11,120	11,592	11,876	12,172	11,690
74. Provincial	7,576	7,792	7,964	8,484	7,954	8,576	8,924	9,544	9,828	9,218
75. Local	3,936	4,200	4,208	4,432	4,194	4,628	4,676	4,916	5,004	4,806
76. Hospitals	1,344	1,404	1,468	1,528	1,436	1,548	1,568	1,588	1,612	1,579
77. Canada Pension Plan	-	-	-	-	-	4	8	12	20	11
78. Quebec Pension Plan	-	-	-	-	-	-	4	4	8	4
79. Saving (Total revenue less total current expenditure)	2,916	1,824	2,672	2,236	2,412	3,440	2,688	2,728	3,264	3,030
80. Federal	616	-216	176	228	201	488	-172	232	556	276
81. Provincial	336	372	524	228	365	908	576	480	684	662
82. Local	1,016	748	1,032	828	906	920	1,152	840	840	938
83. Hospitals	84	64	36	32	54	116	160	200	180	164
84. Canada Pension Plan	648	644	664	688	661	764	736	760	760	755
85. Quebec Pension Plan	216	212	240	232	225	244	236	216	244	235
<u>SURPLUS OR DEFICIT ON A NATIONAL ACCOUNTS BASIS</u>										
Saving as above:										
86. Add: Capital consumption allowances ..	896	912	928	948	921	956	976	1,000	1,020	988
87. Federal	176	176	180	184	179	184	188	192	200	191
88. Provincial	292	296	300	308	299	312	316	320	328	319
89. Local	352	360	368	376	364	380	388	400	404	393
90. Hospitals	76	80	80	80	79	80	84	88	88	85
91. Deduct: Gross capital formation	2,964	3,012	3,016	3,000	2,998	3,008	3,032	3,208	3,028	3,024
92. Federal	448	476	468	468	465	512	480	500	508	500
93. Provincial	1,112	1,076	1,004	992	1,046	1,012	924	948	948	958
94. Local	1,204	1,260	1,348	1,344	1,289	1,272	1,412	1,360	1,352	1,349
95. Hospitals	200	200	196	196	198	212	216	220	220	217
96. Equals: Surplus(+) or deficit(-)	848	-276	584	184	335	1,388	632	700	1,256	994
97. Federal	344	-516	-112	-56	-85	160	-464	-76	248	-33
98. Provincial	-484	-408	-180	-456	-382	208	-32	-148	64	23
99. Local	164	-152	52	-140	-19	28	128	-120	-108	-18
100. Hospitals	-40	-56	-80	-84	-65	-16	28	68	48	32
101. Canada Pension Plan	648	644	664	688	661	764	736	760	760	755
102. Quebec Pension Plan	216	212	240	232	225	244	236	216	244	235

See footnotes(s) at end of table.

TABLE 16. Government Revenue, Expenditure and Surplus or Deficit, by Level of Government, by Quarters
Seasonally Adjusted at Annual Rates - Continued
(millions of dollars)

	1969					1970				
	1	11	111	1V	Year	1	11	111	1V	Year
<u>REVENUE</u>										
1. Direct taxes - Persons	9,120	10,064	10,360	10,644	10,047	10,728	11,588			
2. Federal(1)	5,820	6,516	6,708	6,960	6,501	6,964	7,380			
3. Provincial	2,288	2,512	2,624	2,732	2,539	2,724	3,120			
4. Local	-	-	-	-	-	-	-			
5. Canada Pension Plan	736	760	760	696	738	760	800			
6. Quebec Pension Plan	276	276	268	256	269	280	288			
7. Direct taxes - Corporate and govern- ment business enterprises	3,184	3,096	2,968	3,032	3,070	2,952	2,852			
8. Federal(2)	2,384	2,312	2,212	2,268	2,294	2,208	2,156			
9. (Federal tax collections)(2)	(2,788)	(2,988)	(2,744)	(2,556)	(2,769)	3,020	2,640			
10. Provincial(3)	800	784	756	764	776	744	696			
11. (Provincial tax collections)	(944)	(888)	(912)	(864)	(902)	1,040	832			
12. Direct taxes-Non-residents-Federal(4)	212	248	260	208	232	304	244			
13. Indirect taxes	11,108	11,212	11,380	11,580	11,322	11,776	11,936			
14. Federal	3,984	3,944	4,048	4,120	4,024	3,972	3,956			
15. Provincial	3,704	3,844	3,900	4,036	3,871	4,020	4,192			
16. Local(5)	3,420	3,424	3,432	3,432	3,427	3,784	3,788			
17. Other current transfers from persons	768	688	728	992	794	984	1,032			
18. Federal	4	4	4	4	4	4	4			
19. Provincial	696	612	652	912	718	912	952			
20. Local	68	68	68	72	69	68	72			
21. Hospitals	-	4	4	4	3	-	4			
22. Investment income	1,992	2,026	2,032	2,140	2,045	2,248	2,228			
23. Federal	1,064	972	1,028	1,080	1,036	1,160	1,104			
24. Provincial	748	816	800	788	788	832	832			
25. Local	88	84	88	92	88	100	88			
26. Hospitals	4	4	4	8	5	4	4			
27. Canada Pension Plan	88	140	112	172	128	152	200			
28. Current transfers from other levels of government	7,148	8,008	6,932	7,360	7,362	8,144	8,588			
29. Provinces - From Canada	2,588	2,660	2,656	2,616	2,630	3,036	3,076			
30. - From local governments	44	48	36	48	44	48	36			
31. Local governments - From, Canada	88	92	112	100	98	48	100			
32. - From provinces	2,532	3,244	2,120	2,528	2,606	2,860	3,200			
33. Hospitals - From provinces	1,876	1,940	1,984	2,044	1,961	2,128	2,152			
34. - From local governments	20	24	24	24	23	24	24			
35. Total revenue	33,532	35,332	34,660	35,964	34,872	37,136	38,468			
36. Federal	13,468	13,996	14,260	14,640	14,091	14,612	14,844			
37. Provincial	10,868	11,276	11,424	11,896	11,366	12,316	12,904			
38. Local	6,196	6,912	5,820	6,224	6,288	6,860	7,248			
39. Hospitals	1,900	1,972	2,016	2,080	1,992	2,156	2,184			
40. Canada Pension Plan	824	900	872	868	866	912	1,000			
41. Quebec Pension Plan	276	276	268	256	269	280	288			
<u>CURRENT EXPENDITURE</u>										
42. Current expenditure on goods and services(6)	13,048	13,388	14,256	14,404	13,774	15,032	15,984			
43. Federal	4,180	4,140	4,496	4,444	4,315	(4,680)	(5,028)			
44. (Defence)	(1,820)	(1,740)	(1,840)	(1,824)	(1,806)	(1,960)	(1,928)			
45. Provincial	2,544	2,684	2,856	3,148	2,808	3,168	3,576			
46. Local	4,652	4,832	5,116	4,964	4,891	5,292	5,444			
47. Hospitals	1,672	1,732	1,788	1,848	1,760	1,892	1,936			
48. Transfer payments to persons	5,628	6,052	6,216	6,344	6,060	6,516	6,508			
49. Federal	3,480	3,596	3,700	3,632	3,602	3,832	4,036			
50. Provincial	2,012	2,304	2,352	2,540	2,302	2,508	2,260			
51. Local	104	104	104	108	105	100	116			
52. Canada Pension Plan	24	36	44	48	38	60	72			
53. Quebec Pension Plan	8	12	16	16	13	16	24			
54. Subsidies	652	688	688	672	675	688	840			
55. Federal	544	576	564	556	560	596	724			
56. Provincial	108	112	124	116	115	92	116			

See footnote(s) at end of table.

TABLE 16. Government Revenue, Expenditure and Surplus or Deficit, by Level of Government, by Quarters
Seasonally Adjusted at Annual Rates - Concluded
(millions of dollars)

	1969					1970				
	1	11	111	1V	Year	1	11	111	1V	Year
57. Capital Assistance	92	92	112	132	107	132	140			
58. Federal	76	84	88	104	88	116	128			
59. Provincial	16	8	24	28	19	16	12			
60. Current transfers to Non-residents- Federal	140	192	196	200	182	224	168			
61. Interest on the public debt	2,476	2,580	2,648	2,780	2,621	2,956	2,856			
62. Federal(7)	1,460	1,592	1,588	1,716	1,589	1,824	1,776			
63. Provincial	564	572	620	592	587	636	628			
64. Local	452	416	440	472	445	496	452			
65. Current transfers to other levels of government	7,148	8,008	6,932	7,360	7,362	8,144	8,588			
66. Canada - To provinces	2,588	2,660	2,656	2,616	2,630	3,036	3,076			
67. - To local governments	88	92	112	100	98	48	100			
68. Provinces - To local governments ...	2,532	3,244	2,120	2,528	2,606	2,860	3,200			
69. - To hospitals	1,876	1,940	1,984	2,044	1,961	2,128	2,152			
70. Local governments - To provinces ...	44	48	36	48	44	48	36			
71. - To hospitals ...	20	24	24	24	23	24	24			
72. Total current expenditure(8)	29,184	31,000	31,048	31,892	30,781	33,692	35,084			
73. Federal	12,556	12,932	13,400	13,368	13,064	14,356	15,036			
74. Provincial	9,652	10,864	10,080	10,996	10,398	11,408	11,944			
75. Local	5,272	5,424	5,720	5,616	5,508	5,960	6,072			
76. Hospitals	1,672	1,732	1,788	1,848	1,760	1,892	1,936			
77. Canada Pension Plan	24	36	44	48	38	60	72			
78. Quebec Pension Plan	8	12	16	16	13	16	24			
79. Saving (total revenue less total current expenditure)	4,348	4,332	3,612	8,072	4,091	3,444	3,384			
80. Federal	912	1,064	860	1,272	1,027	256	-192			
81. Provincial	1,216	412	1,344	900	968	908	960			
82. Local	924	1,488	100	608	780	900	1,176			
83. Hospitals	228	240	228	232	232	264	248			
84. Canada Pension Plan	800	864	828	820	828	852	928			
85. Quebec Pension Plan	268	264	252	240	256	264	264			
<u>SURPLUS OR DEFICIT ON A NATIONAL ACCOUNTS BASIS</u>										
Saving as above:										
86. Add: Capital consumption allowances ...	1,044	1,072	1,096	1,120	1,083	1,148	1,176			
87. Federal	200	208	212	216	209	220	228			
88. Provincial	332	340	344	344	340	352	360			
89. Local	424	432	444	460	440	476	484			
90. Hospitals	88	92	96	100	94	100	104			
91. Deduct: Gross capital formation	3,016	3,016	2,988	2,976	2,999	3,096	2,960			
92. Federal	512	456	436	440	461	464	388			
93. Provincial	1,032	892	940	948	953	1,000	832			
94. Local	1,248	1,440	1,380	1,360	1,357	1,384	1,468			
95. Hospitals	224	228	232	228	228	248	272			
96. Equals: Surplus(+) or deficit(-)	2,376	2,388	1,720	2,216	2,175	1,496	1,600			
97. Federal	600	816	636	1,048	775	12	-352			
98. Provincial	516	- 140	748	296	355	260	488			
99. Local	100	480	- 836	- 292	- 137	- 8	192			
100. Hospitals	92	104	92	104	98	116	80			
101. Canada Pension Plan	800	864	828	820	828	852	928			
102. Quebec Pension Plan	268	264	252	240	256	264	264			

(1) See footnote 1, Table 6.

(2) See footnote 2, Table 6.

(3) See footnote 3, Table 6.

(4) See footnote 4, Table 6.

(5) The quarterly figures of real property taxes unadjusted and seasonally adjusted are obtained by dividing annual totals by four since real property taxes accrue uniformly throughout the taxation year. Because in recent years, changes in real property tax rates have been generally upward, this treatment gives rise to a fictitious seasonal between the fourth and first quarters in the seasonally adjusted taxes series.

(6) Includes capital consumption allowances as shown in line 86.

(7) See footnote 6, Table 6.

(8) See footnote 6, Table 6.

TABLE 17. Transactions of Residents with Non-residents in the National Income and Expenditure Accounts, by Quarters, 1967-1968
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Exports of goods and services	14,436	14,912	14,516	14,988	14,713	16,204	16,732	16,664	17,580	16,795
2. Merchandise	11,344	11,452	10,700	11,856	11,338	13,072	13,444	13,336	14,300	13,538
3. Non-merchandise	3,092	3,460	3,816	3,132	3,375	3,132	3,288	3,328	3,280	3,257
4. Deduct: Imports of goods and services	-14,984	-15,472	-15,400	-15,084	-15,235	-16,584	-16,448	-17,012	-17,908	-16,988
5. Merchandise	-10,688	-11,028	-10,880	-10,492	-10,772	-11,868	-11,632	-12,028	-13,120	-12,162
6. Non-merchandise	-4,296	-4,444	-4,520	-4,592	-4,463	-4,716	-4,816	-4,984	-4,788	-4,826
7. Add: Net current transfers abroad	-144	-240	32	-20	-93	24	-8	-60	-68	-28
8. Current transfers abroad (-)(1)	-376	-520	-224	-296	-354	-240	-260	-320	-300	-280
9. Current transfers from abroad(+)(2)	232	280	256	276	261	264	252	260	232	252
10. Equals: Saving(3)	-692	-800	-852	-116	-615	-356	276	-408	-396	-221
Reconciliation with the Canadian Balance of International Payments:										
Saving as above	-692	-800	-852	-116	-615	-356	276	-408	-396	-221
Add: Net inheritances and migrants' funds	120	136	108	100	116	84	128	244	188	161
Equals: Surplus(+) or deficit(-) on current account as per "Canadian Balance of International Payments" (4)	-572	-664	-744	-16	-499	-272	404	-164	-208	-60

See footnotes below.

TABLE 17. Transactions of Residents with Non-residents in the National Income and Expenditure Accounts, by Quarters, 1969 and 1970
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Exports of goods and services	18,364	18,064	18,188	19,304	18,480	21,108	21,032			
2. Merchandise	14,872	14,428	14,600	15,644	14,886	17,052	17,080			
3. Non-merchandise	3,492	3,636	3,588	3,660	3,594	4,056	3,952			
4. Deduct: Imports of goods and services	-19,068	-19,032	-19,376	-19,908	-19,346	-20,256	-20,104			
5. Merchandise	-13,932	-13,692	-13,924	-14,524	-14,018	-14,260	-14,252			
6. Non-merchandise	-5,136	-5,340	-5,452	-5,384	-5,328	-5,996	-5,852			
7. Add: Net current transfers abroad	-	-8	-24	-84	-29	48	24			
8. Current transfers to abroad(-)(1) ..	-256	-300	-328	-336	-305	-360	-320			
9. Current transfers from abroad(+)(2)	256	292	304	252	276	408	344			
10. Equals: Saving(3)	-704	-976	-1,212	-688	-895	900	952			
Reconciliation with the Canadian Balance of International payments:										
Saving as above	-704	-976	-1,212	-688	-895	900	952			
Add: Net inheritances and migrants' funds	144	148	168	232	173	220	120			
Equals: Surplus(+) or deficit(-) on current account as per "Canadian Balance of International Payments" (4)	-560	-828	-1,044	-456	-722	1,120	1,072			

(1) See footnote 1, Table 7.

(2) See footnote 2, Table 7.

(3) Saving of residents on transactions with non-residents in the national income and expenditure accounts. A negative figure indicates savings made available to the economy by non-residents (see line 8, Table 18).

(4) See footnote(4) Table 7.

TABLE 18. Sources of Gross Saving, by Quarters, 1967 and 1968
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
Saving										
Persons and unincorporated business										
1. Personal saving	3,260	3,860	3,236	2,828	3,296	2,796	4,000	3,764	3,504	3,516
2. Adjustment on grain transaction(1)	-56	8	-188	-56	-73	-228	-252	-252	-144	-219
Corporate and government business enterprises										
3. Undistributed corporation profits	2,580	2,412	2,388	2,468	2,462	2,368	2,572	2,752	3,012	2,676
4. Undistributed profits of government business enterprises	256	184	152	192	196	164	240	252	364	255
5. Capital assistance	72	52	56	96	69	75	36	140	68	80
6. Inventory valuation adjustment ...	-448	-152	-324	-368	-323	-352	-196	-272	-448	-317
7. Government	2,916	1,824	2,672	2,236	2,412	3,440	2,688	2,728	3,264	3,030
8. Non-residents	692	800	852	116	615	356	-276	408	396	221
9. Capital consumption allowances and miscellaneous valuation adjustments	7,752	7,900	7,848	8,008	7,877	8,168	8,416	8,488	8,572	8,411
10. Residual error of estimate	-292	-144	-200	-240	-219	-196	-584	-624	-800	-551
11. Total	16,732	16,744	16,492	15,280	16,312	16,592	16,644	17,384	17,788	17,102

See footnote below.

TABLE 18. Sources of Gross Saving, by Quarters, 1969 and 1970
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
Saving										
Persons and unincorporated business										
1. Personal saving	3,012	3,220	4,180	3,140	3,388	4,388	3,372			
2. Adjustment on grain transactions(1)	128	28	-12	60	51	212	152			
Corporate and government enterprises										
3. Undistributed corporation profits	3,060	2,992	2,664	2,528	2,811	2,688	2,380			
4. Undistributed profits of government business enterprises	244	280	320	300	286	248	372			
5. Capital assistance	88	88	104	132	103	132	136			
6. Inventory valuation adjustment	-536	-616	-460	-584	-549	-380	-180			
7. Government	4,348	4,332	3,612	4,072	4,091	3,444	3,384			
8. Non-residents	704	976	1,212	688	895	-900	-952			
9. Capital consumption allowances and miscellaneous valuation adjustments	8,796	8,872	9,200	9,396	9,066	9,716	9,804			
10. Residual error of estimate	-956	-1,144	-1,244	-832	-1,044	-1,088	-984			
11. Total	18,888	19,028	19,576	18,900	19,098	18,460	17,484			

(1) See footnote 1, Table 8.

TABLE 19. Disposition of Gross Saving, by Quarters, 1967 and 1968
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Total gross fixed capital formation(1)	16,004	15,956	15,624	15,152	15,684	15,744	15,548	15,744	16,200	15,809
2. Residential construction	2,596	2,724	2,976	2,992	2,822	3,032	3,212	3,224	3,600	3,267
3. Non-residential construction	7,212	7,156	7,104	7,056	7,132	7,124	7,144	7,136	7,172	7,144
4. Machinery and equipment	6,196	6,076	5,544	5,104	5,730	5,588	5,192	5,384	5,428	5,398
5. Value of physical change in inventories	440	640	668	- 116	408	656	508	1,016	8784	741
6. Residual error of estimate	288	148	200	244	220	192	588	624	804	552
7. Total	16,732	16,744	16,492	15,280	16,312	16,592	16,644	17,384	17,788	17,102

See footnotes below.

TABLE 19. Disposition of Gross Saving, by Quarters, 1969 and 1970
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Total gross fixed capital formation(1)	16,756	17,032	16,984	17,272	17,011	16,972	15,956			
2. Residential construction	3,756	3,992	3,792	3,924	3,866	3,868	3,332			
3. Non-residential construction	7,304	7,284	7,332	7,444	7,341	7,572	7,156			
4. Machinery and equipment	5,696	5,756	5,860	5,904	5,804	5,532	5,468			
5. Value of physical change in inventories	1,180	848	1,348	796	1,043	396	544			
6. Residual error of estimate	952	1,148	1,244	832	1,044	1,092	984			
7. Total	18,888	19,028	19,576	18,900	19,098	18,460	17,484			

(1) See footnote 1, Table 12.

TABLE 20. Gross National Expenditure in Constant (1961) Dollars, by Quarters 1967 and 1968(1, 2)
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	33,596	34,132	34,596	34,912	34,309	35,324	35,420	36,108	36,560	35,853
2. Durable goods	4,668	5,108	4,944	4,972	4,923	5,016	5,152	5,348	5,432	5,237
3. Semi-durable goods	3,560	3,728	3,760	3,720	3,692	3,756	3,764	3,844	3,872	3,809
4. Non-durable goods	13,276	13,492	13,760	13,908	13,609	13,960	13,892	14,100	14,336	14,072
5. Services	12,092	11,804	12,132	12,312	12,085	12,592	12,612	12,816	12,920	12,735
6. Government current expenditure on goods and services	8,092	8,376	8,116	8,316	8,225	8,472	8,404	8,584	8,696	8,539
7. Gross fixed capital formation	13,420	13,460	13,248	12,636	13,191	13,292	13,020	13,100	13,296	13,177
8. Government	2,440	2,452	2,448	2,404	2,436	2,488	2,440	2,444	2,460	2,458
9. Residential construction	8	8	8	12	9	8	8	12	12	10
10. Non-residential construction	2,092	2,104	2,100	2,072	2,092	2,108	2,084	2,092	2,108	2,098
11. Machinery and equipment	340	340	340	320	335	372	348	340	340	350
12. Business	10,980	11,008	10,800	10,232	10,755	10,804	10,580	10,656	10,836	10,719
13. Residential construction	2,020	2,152	2,424	2,276	2,218	2,412	2,528	2,492	2,640	2,518
14. Non-residential construction	3,948	3,860	3,800	3,728	3,834	3,792	3,788	3,772	3,776	3,782
15. Machinery and equipment	5,012	4,996	4,576	4,228	4,703	4,600	4,264	4,392	4,420	4,419
16. Value of physical change in inventories	256	340	584	68	312	356	468	832	788	611
17. Government	8	24	24	32	22	16	12	32	32	23
Business										
18. Non-farm	428	380	516	-96	307	288	436	716	484	481
19. Farm and grain in commercial channels	-180	-64	44	132	-17	52	20	84	272	107
20. Exports of goods and services	12,644	13,208	12,624	13,288	12,941	13,964	14,428	14,712	15,152	14,564
21. (of which: merchandise)	(10,108)	(10,324)	(9,896)	(10,632)	(10,240)	(11,504)	(11,900)	(12,152)	(12,672)	(12,057)
22. Deduct: Imports of goods and services	-13,460	-13,904	-13,800	-13,444	-13,652	-14,624	-14,500	-15,020	-15,672	-14,954
23. (of which: merchandise)	(9,880)	(10,196)	(10,080)	(9,612)	(9,942)	(10,828)	(10,628)	(11,076)	(11,868)	(11,100)
24. Residual error of estimate	256	128	172	208	191	168	488	516	648	455
25. GROSS NATIONAL EXPENDITURE IN CONSTANT (1961) DOLLARS	54,804	55,740	55,540	55,984	55,517	56,952	57,728	58,832	59,468	58,245

(1) See footnote 1, Table 10.

(2) See footnote 2, Table 10.

TABLE 20. Gross National Expenditure in Constant (1961) Dollars, by Quarters, 1969 and 1970(1, 2)
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services.....	37,504	37,772	37,808	38,304	37,847	38,064	38,272			
2. Durable goods	5,588	5,448	5,540	5,680	5,564	5,000	5,120			
3. Semi-durable goods	4,040	4,120	3,936	4,048	4,036	4,024	4,068			
4. Non-durable goods	14,716	14,892	14,912	15,064	14,896	15,408	15,404			
5. Services	13,160	13,312	13,420	13,512	13,351	13,632	13,680			
6. Government current expenditure on goods and services	8,768	8,684	9,108	9,008	8,892	9,364	9,796			
7. Gross fixed capital formation	13,548	13,692	13,536	13,556	13,583	13,160	12,412			
8. Government	2,372	2,436	2,372	2,328	2,377	2,388	2,348			
9. Residential construction	4	8	12	8	8	16	16			
10. Non-residential construction	2,024	2,096	2,068	2,044	2,058	2,080	1,992			
11. Machinery and equipment	344	332	292	276	311	292	340			
12. Business	11,176	11,256	11,164	11,228	11,206	10,772	10,064			
13. Residential construction	2,796	2,948	2,792	2,800	2,834	2,748	2,372			
14. Non-residential construction	3,736	3,688	3,652	3,652	3,682	3,632	3,464			
15. Machinery and equipment	4,644	4,620	4,720	4,776	4,690	4,392	4,228			
16. Value of physical change in inventories	1,028	548	1,284	780	910	88	436			
17. Government	8	4	8	-8	3	-4	-4			
Business										
18. Non-farm	860	200	312	452	456	372	564			
19. Farm and grain in commercial channels	160	344	964	336	451	-280	-124			
20. Exports of goods and services	15,700	15,332	15,384	16,240	15,664	17,632	17,476			
21. (of which: merchandise)	(13,092)	(12,624)	(12,772)	(13,648)	(13,034)	(14,736)	(14,680)			
22. Deduct: Imports of goods and services	-16,552	-16,456	-16,544	-16,712	-16,566	-16,608	-16,468			
23. (of which: merchandise)	(12,480)	(12,268)	(12,304)	(12,548)	(12,400)	(12,000)	(12,016)			
24. Residual error of estimate	764	900	968	640	818	828	740			
25. GROSS NATIONAL EXPENDITURE IN CONSTANT (1961) DOLLARS	60,760	60,472	61,544	61,816	61,148	62,528	62,664			

(1) See footnote 1, Table 10.

(2) See footnote 2, Table 10.

TABLE 21. Implicit Price Indexes, Gross National Expenditure, by Quarters, 1967 and 1968
Using Seasonally Adjusted Data
1961 = 100.0

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	111.9	112.9	114.4	115.4	113.7	116.4	117.4	118.6	120.2	118.1
2. Durable goods	101.4	102.3	103.5	103.8	102.7	104.3	105.0	105.2	106.1	105.2
3. Semi-durable goods	114.4	116.1	117.4	117.6	116.4	118.5	119.7	120.0	121.4	119.9
4. Non-durable goods	110.8	111.1	112.7	114.2	112.2	115.2	116.0	117.2	118.9	116.8
5. Services	116.5	118.5	119.8	120.9	118.9	121.8	123.5	125.2	127.0	124.4
6. Government current expenditure on goods and services	129.2	131.9	136.0	134.7	132.9	137.6	139.7	143.6	148.3	142.4
7. Gross fixed capital formation	119.3	118.5	117.9	119.9	118.9	118.4	119.4	120.2	121.8	120.0
8. Government	121.0	121.5	121.7	123.3	121.9	120.1	123.4	122.3	121.6	121.8
9. Non-residential construction	123.5	124.1	123.8	125.5	124.2	123.0	125.1	124.3	123.7	124.0
10. Machinery and equipment	104.7	104.7	108.2	108.7	106.6	104.3	112.6	109.4	108.2	108.6
11. Business	118.9	117.9	117.1	119.1	118.2	118.1	118.5	119.7	121.9	119.5
12. Residential construction	127.9	126.0	122.3	130.8	126.6	125.4	126.6	128.7	135.8	129.2
13. Non-residential construction	117.2	117.7	118.5	119.5	118.2	119.5	119.7	120.3	120.9	120.1
14. Machinery and equipment	116.5	114.5	113.1	112.5	114.2	113.0	112.6	114.1	114.5	113.6
15. Exports of goods and services	114.2	112.9	115.0	112.8	113.7	116.0	116.0	113.3	116.0	115.3
16. (of which: merchandise)	112.2	110.9	108.1	111.5	110.7	113.6	113.0	109.7	112.8	112.3
17. Deduct: Imports of goods and services	111.3	111.3	111.6	112.2	111.6	113.4	113.4	113.3	114.3	113.6
18. (of which: merchandise)	108.2	108.2	107.9	109.2	108.3	109.6	109.4	108.6	110.5	109.6
19. GROSS NATIONAL EXPENDITURE IN CONSTANT (1961) DOLLARS	117.2	118.0	119.2	119.1	118.4	121.1	121.7	122.7	124.9	122.6

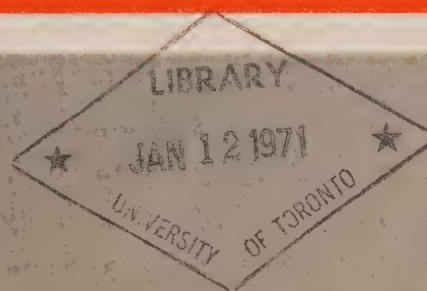
TABLE 21. Implicit Price Indexes, Gross National Expenditure, by Quarters, 1969 and 1970
Using Seasonally Adjusted Data
1961 = 100.0

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	120.7	121.9	123.4	125.8	122.9	126.9	127.5			
2. Durable goods	104.9	106.4	106.4	107.8	106.4	109.0	109.8			
3. Semi-durable goods	122.3	122.8	124.2	125.5	123.7	125.6	125.7			
4. Non-durable goods	118.1	118.5	120.3	124.5	120.4	124.7	124.8			
5. Services	129.7	131.7	133.6	134.9	132.5	136.5	137.7			
6. Government current expenditure on goods and services	148.8	154.2	156.5	159.9	154.9	160.5	163.2			
7. Gross fixed capital formation	123.7	124.4	125.5	127.4	125.2	129.0	128.6			
8. Government	126.6	123.2	125.5	128.5	125.9	130.0	125.9			
9. Non-residential construction	129.2	125.0	128.0	130.7	128.2	131.7	128.9			
10. Machinery and equipment	110.5	110.8	106.8	111.6	110.0	117.8	108.2			
11. Business	123.0	124.7	125.5	127.2	125.1	128.7	129.2			
12. Residential construction	134.0	135.0	135.2	139.7	136.0	140.0	139.6			
13. Non-residential construction	125.5	126.5	128.3	130.7	127.7	133.0	132.4			
14. Machinery and equipment	114.5	116.6	117.5	117.2	116.5	118.1	120.6			
15. Exports of goods and services	117.0	117.8	118.2	118.9	118.0	119.7	120.3			
16. (of which: merchandise)	113.6	114.3	114.3	114.6	114.2	115.7	116.3			
17. Deduct: Imports of goods and services	115.2	115.7	117.1	119.1	116.8	122.0	122.1			
18. (of which: merchandise)	111.6	111.6	113.2	115.7	113.0	118.8	118.6			
19. GROSS NATIONAL EXPENDITURE IN CONSTANT (1961) DOLLARS	125.9	128.1	128.8	130.9	128.4	132.2	132.8			

SYSTEM OF NATIONAL ACCOUNTS

National Income and Expenditure Accounts

THIRD QUARTER 1970



DOMINION BUREAU OF STATISTICS

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DOMINION BUREAU OF STATISTICS
National Income and Expenditure Division

SYSTEM OF NATIONAL ACCOUNTS

NATIONAL INCOME AND
EXPENDITURE ACCOUNTS

THIRD QUARTER 1970

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THE SYSTEM OF NATIONAL ACCOUNTS

In Canada, the National Accounts have been developed since the close of the Second World War in a series of publications relating to their constituent parts. These have now reached a stage of evolution where they can be termed a "System of National Accounts". For purposes of identification, all publications (containing tables of statistics, descriptions of conceptual frameworks, and descriptions of sources and methods) which make up this System will now carry the term "System of National Accounts" as a general title.

The System of National Accounts in Canada consists of several parts. The annual and quarterly Income and Expenditure Accounts (included with Catalogue Nos. carrying the prefix 13) were, historically speaking, the first set of statistics to be referred to with the title "National Accounts" (National Accounts, Income and Expenditure). The Balance of International Payments data, (Catalogue Nos. with prefix 67), in their more summary form, are also part of the System of National Accounts and they, in fact, pre-date the Income and Expenditure Accounts.

Greatly expanded structural detail on industries and on goods and services is portrayed in the Input-Output Tables of the System (Catalogue Nos. with prefix 15). The Indexes of Real Domestic Product by Industry (included with Catalogue Nos. carrying the prefix 61) provide "constant dollar" measures of the contribution of each industry to gross domestic product at factor cost. Inputs and outputs are related in Productivity Studies (Catalogue Nos. with prefix 14).

Both the Input-Output Tables and Indexes of Real Domestic Product by Industry use the establishment as the primary unit of industrial production. Measures of financial transactions are provided by

the Financial Flow Accounts (Catalogue Nos. with prefix 13). Types of lenders and financial instruments are the primary detail in these statistics, and the legal entity is the main unit of classification of transactors. Also, provision is made in the System for incorporation of balance sheet (wealth) estimates when such data are sufficiently developed.

The System of National Accounts provides an overall conceptually integrated framework in which the various parts can be considered as interrelated sub-systems. At present, direct comparisons amongst those parts which use the establishment as the basic unit and those which use the legal entity can be carried out only at highly aggregated levels of data. However, the Dominion Bureau of Statistics is continuing research on enterprise-company-establishment relationships; it may eventually be feasible to reclassify the data which are on one basis (say the establishment basis) to correspond to the units employed on another (the company or the enterprise basis).

In its broad outline, the Canadian System of National Accounts bears a close relationship to the international standard as described in the United Nations publication, "A System of National Accounts" (Studies in Methods, Series F., No. 2, Rev. 3, Statistical Office, Department of Economic and Social Affairs, United Nations, New York, 1968). In the future, a document on the conceptual framework of the Canadian System of National Accounts will be prepared for publication by the Dominion Bureau of Statistics. This document will furnish the broad theoretical outline of the System. The finer conceptual details, the statistical tables, and the descriptions of sources and methods as they pertain to the individual parts of the System, will appear in the various regular and occasional publications relating to those parts.

TECHNICAL NOTE

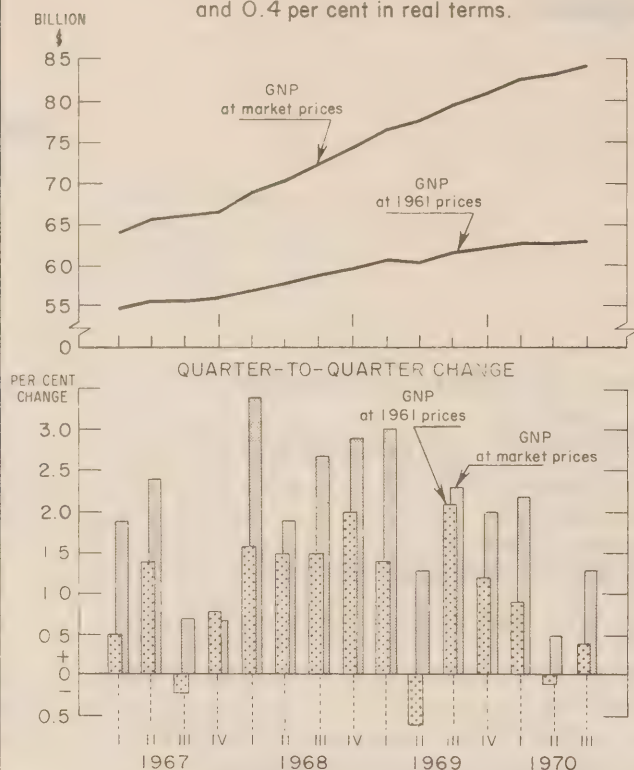
The Business Finance Division of the Bureau has released a new publication "Industrial Corporations - Financial Statistics". This publication contains quarterly financial data by industry (excluding Finance) for the period 1962 to 1969.

Because of certain conceptual differences and because the National Income and Expenditure Accounts annual figure for corporate profits is basically derived from financial statistics emanating from the administration of the Corporations and Labour Unions Returns Act, a reconciliation between the two series cannot readily be carried out at the present time.

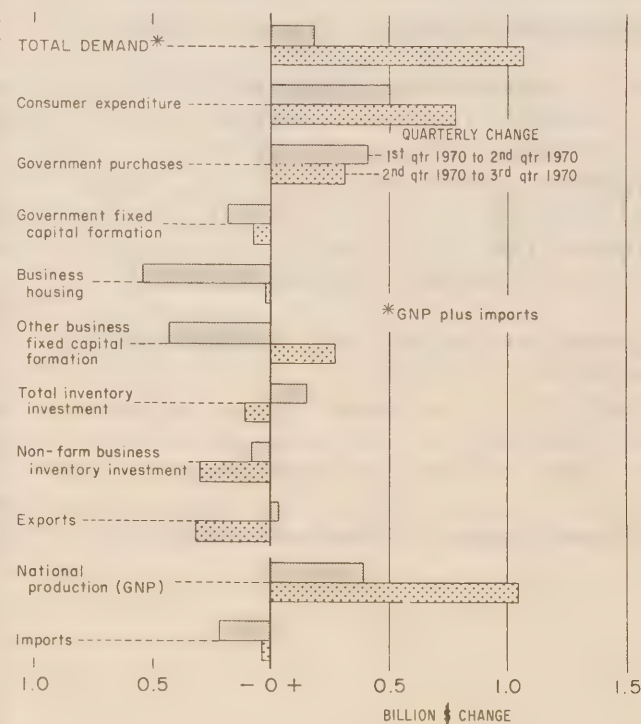
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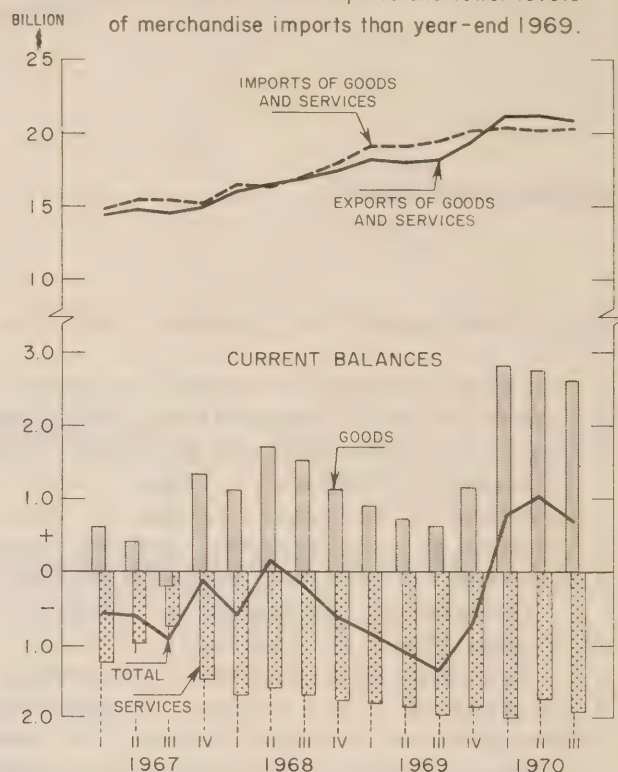
In the third quarter GNP rose 1.3 per cent at market prices and 0.4 per cent in real terms.



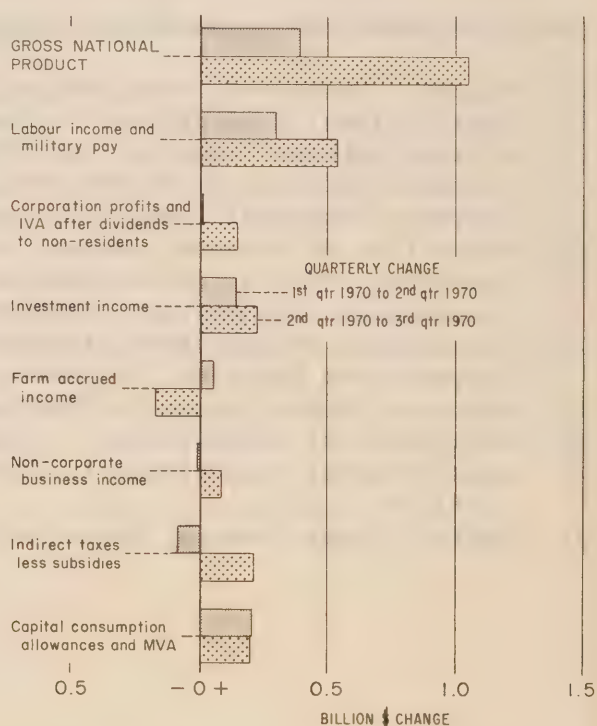
Total demand* rose \$1.1 billion or 1 per cent, with a change from a decline to a gain in fixed business capital spending and a further rise in consumer spending.



The first three consecutive quarterly surpluses on current account since 1952 resulted from higher levels of merchandise exports and lower levels of merchandise imports than year-end 1969.



The faster rise in GNP was accompanied by gains in labour income and corporation profits.



ALL DATA SEASONALLY ADJUSTED AT ANNUAL RATES.

INTRODUCTORY REVIEW - THIRD QUARTER 1970

Preliminary estimates of the National Income and Expenditure Accounts indicate some modest improvement in activity in the third quarter, while also confirming that in recent months the Canadian economy has been traversing a period of adjustment characterized by slow growth in production, a lack of any sustained dynamic demand factor, and high rates of unemployment. There were indications at the end of the quarter and again in October of a pick-up in employment, which was reflected in a drop in the seasonally adjusted unemployment rate to 6.6 per cent in October from the peak 6.9 per cent rate in the previous month. A feature of the third quarter, no doubt partly due to the slow pace of the economy in 1970 and also to the appreciation of the Canadian dollar, was the lessening in the rate of increase of most measures of price movements, especially in the area of consumer spending.

The value of aggregate production, seasonally adjusted at annual rates, rose by \$1.0 billion in the third quarter to reach a level of \$84.1 billion. This represented a percentage increase of 1.3 per cent, markedly up from the small increase of half a per cent in the second quarter but well below the average quarterly rate of increase of around 2.2 per cent experienced in the last few years. After taking account of rising prices, the gain in the volume of production amounted to 0.4 per cent. This compares with a marginal constant dollar decline of 0.1 per cent in the second quarter and with a 0.9 per cent increase in the first quarter.

The implicit GNE deflator rose by 0.9 per cent, an apparent acceleration over the 0.5 per cent increase shown in the second quarter. However, because this overall measure reflects weight shifts as between the various categories of final demand as well as price changes in individual goods and services, it is not always a useful yardstick of price movement over short periods when significant shifts in the composition of demand are taking place. In fact, virtually all other measures of price performance continued to show only a relatively modest advance through the third quarter. The implicit GNE deflator is particularly sensitive to inventory changes, which can display quite irregular movements in both their value of physical change and in their implicit prices. This has in fact occurred in recent quarters. Excluding inventories the implicit index decelerated in the third quarter from 0.9 to 0.6 per cent.

The acceleration in economic expansion in the third quarter appeared more due to a modest recovery in total fixed capital formation after two consecutive declines (the \$1.1 billion drop in the second quarter being particularly severe), than to notable strength in any major component of demand. Consumer expenditure on goods and services, the other sector that showed persisting weakness in the first half of the year, rose somewhat faster in the third quarter and made the major contribution to total demand. However, the largest percentage gain occurred in government expenditure on goods and services which, with a 2.0 per cent increase, continued to be an important source of support to the economy. Off-setting these increases to some extent, exports of goods and services fell by \$312 million from the very high level of over \$21.1 billion achieved during the first quarter and maintained through the second quarter. Inventory investment also fell, entirely as a result of a substantial decumulation in the farm component.

Business fixed capital formation has been the most sluggish sector of the economy this year, declining by \$424 million in the first quarter and sliding downward by a further \$964 million in the second quarter, when all three components, residential construction, non-residential construction and machinery and equipment shared in the fall. In spite of a moderate gain of \$264 million in the third quarter, spending in this sector for the first nine months of the year was still running at a level considerably lower than the anticipations for 1970 as reported in the mid-year survey of business intentions. This quarter's reversal of the declining trend was entirely due to a sharp turnaround in machinery and equipment spending. The gain in this component of \$292 million, or 5.8 per cent, was the largest since the first quarter of 1968. Both residential and non-residential construction continued to fall in the quarter, though very marginally. Related indicators suggest some strength in construction in future months. This is most evident in residential construction, which has experienced a sharp recovery of new starts in recent months, especially of low income housing and of apartment buildings, after continual declines since the beginning of 1969.

Domestic markets for consumer goods and services continued to display hesitancy in the third quarter. Total personal expenditure rose by a moderate 1.6 per cent, compared with 1.0 per cent in the second quarter and with a marginal decline in the beginning quarter of the year. However, much of the third quarter acceleration was due to the services item "net expenditure abroad", which consists mostly of Canadian travel expenditure abroad (also reflected in imports) less foreign travel expenditure in Canada (reflected in exports). The former increased this quarter, while the latter declined, leaving a large increase in net expenditure abroad. On a domestic basis, total personal expenditure rose only slightly faster in the third quarter than in the second quarter, 1.1 per cent versus 0.9 per

cent. It is noteworthy that purchases of durable goods failed to accelerate even though these expenditures are still running at a level almost 7 per cent lower than in the fourth quarter of 1969. This quarter they posted a gain of 1.6 per cent (almost entirely due to increased car purchases) compared with a 3.2 per cent gain in the second quarter. In the first quarter they had fallen by 11.0 per cent.

After displaying exceptional strength in the last quarter of 1969 and in the first quarter of this year, exports levelled off in the second quarter and weakened a little in the third. The decline of 1.5 per cent was entirely caused by lower merchandise exports to the United States and the United Kingdom; service exports rose by 2.2 per cent, largely due to higher interest and dividends receipts. Merchandise imports also declined in the quarter, by 1.8 per cent, in spite of an increase in imports of machinery and equipment. Increased service imports, paced by travel payments, offset the decline in merchandise, leaving total imports only marginally higher than in the second quarter. The net result of external transactions was to lower the surplus with non-residents, on a national accounts basis, from \$1,056 million to \$720 million.

The continuing slack in business activity was reflected on the income side in a modest increase in wages and salaries of 1.2 per cent and in a 1.1 per cent increase in corporation profits. The percentage increase in wages and salaries, though twice the second quarter rate of 0.6 per cent, was nevertheless a very low rate of increase for this series which was very seldom experienced quarterly gains of less than 2.0 per cent in recent years. The small rise in profits followed a 4.9 per cent drop in the second quarter. Largely sustained by sharply increased transfer payments from government, up 8.7 per cent, personal income rose by 1.5 per cent compared to 1.0 per cent in the second quarter. Personal income taxes and other deductions showed practically no change; as a result personal disposable income, which had fallen by 0.5 per cent in the previous quarter, rose by close to 2.0 per cent this quarter.

With the results obtained so far this year it is possible to venture cautious guesses of economic performance for the year as a whole. Thus, if the seasonally adjusted fourth quarter remained at the third quarter level, current dollar GNP would rise by 6.3 per cent in 1970 over 1969. With a 1 per cent rise, the annual advance would be of 6.6 per cent. Similar assumptions concerning the fourth quarter in constant dollars would yield annual rates of real growth of 2.7 per cent and of 3.0 per cent. Although these rates of increase are hypothetical they do point to a very marked deceleration in economic expansion for the year as a whole. In 1969, GNP rose by 10.0 per cent in current dollars and by about half this increase in volume.

Price Movements

The revised estimates(1) of the implicit price index for Gross National Expenditure excluding inventories reveal a more discernible price trend than previously published estimates. After a slowdown in the third quarter of 1969, price increases remained approximately constant until the third quarter of this year, when a deceleration was again noted, from 0.9 to 0.6 per cent. While conceptually different, other more conventional base-weighted price indexes, the Consumer Price Index, the Industry Selling Price Indexes and the General Wholesale Price Index, also showed price moderation in the quarter.

One of the more interesting price developments in the quarter was the levelling in the implicit price of personal expenditure, after increases of 0.6 per cent in the second quarter and of 1.5 per cent in the first quarter. This remarkable slowdown was entirely due to declines in the prices of the goods categories, as services showed a sizable price rise of 0.9 per cent. Lower prices of imports resulting from the appreciation of the Canadian dollar following the freeing of the exchange rate, contributed to the decline in goods prices. Within durable goods, price declines were especially notable in furniture and household equipment, and recreational equipment. The price decline in semi-durables was centered in clothing and footwear and accessories, while that in non-durables was dominated by falling food prices. In services, price rises were widespread.

The implicit price index of business gross fixed capital formation decelerated sharply in the third quarter. The current rise of 0.2 per cent compares with rises of between 0.7 and 0.8 per cent in the last four quarters. Easing in the rates of increase of both labour and materials costs contributed to the deceleration in the price for construction. Machinery and equipment, which has a large import content, registered a decline of 0.3 per cent.

(1) Revised estimates for 1969 and 1970 are the result of a change in the technique of seasonally adjusting the constant dollar series. The new technique was employed in order to derive the best possible estimates of both seasonally adjusted constant dollars aggregates and components, and of implicit prices in the current period.

Price movements in the external sector were obviously affected by the freeing of the exchange rate last June. The implicit price index for imports of goods and services fell by 1.0 per cent. As has already been noted, this decline was reflected in the prices of goods purchased by the various sectors of the economy, and in particular in the prices of goods purchased by persons and of machinery and equipment purchased by businesses. The price of exports remained unchanged in the quarter. The implicit price of merchandise exports declined, largely because of changes in the composition of export demand, but this was offset by generally increasing prices of service exports.

Selected Implicit Price Indexes - Seasonally Adjusted
Percentage Change from the Previous Quarter

	1968			1969				1970		
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
1. Personal expenditure on consumer goods and services	0.9	0.8	1.1	1.1	1.2	0.9	0.6	1.5	0.6	-
Durable goods	0.1	0.2	0.4	0.1	0.8	-0.2	0.8	1.9	0.5	-0.3
Semi-durable goods	0.8	0.3	1.1	0.7	1.1	0.7	0.2	0.2	2.1	-1.3
Non-durable goods	1.0	0.6	0.9	0.2	1.4	0.7	0.5	1.2	0.5	-0.6
Services	1.1	1.4	1.4	2.5	1.1	1.5	1.0	1.5	0.6	0.9
2. Government current expenditure on goods and services	1.5	2.8	3.3	0.3	3.6	1.5	2.2	-1.1	2.0	1.5
3. Business gross fixed capital formation	0.8	0.6	0.8	1.7	1.5	0.7	0.7	0.8	0.7	0.2
Residential construction	1.4	1.2	1.2	2.3	1.9	-0.7	-0.1	1.2	1.2	1.1
Non-residential construction	0.8	0.4	0.6	2.6	1.6	2.0	2.1	-0.5	1.0	0.8
Machinery and equipment	0.1	0.5	0.3	0.7	1.1	0.9	0.1	1.1	0.8	-0.3
4. Exports	-	0.1	-0.1	1.2	1.2	0.1	0.5	-0.3	0.5	-
5. Imports	0.4	0.1	0.6	0.3	1.1	1.6	0.7	0.6	0.5	-1.0
6. Gross national expenditure	0.3	1.2	0.9	1.5	1.9	0.2	0.9	1.4	0.5	0.9
7. Gross national expenditure excluding value of physical change in inventories	0.7	1.1	1.1	1.4	1.6	0.8	0.8	0.7	0.9	0.6

The implicit price indexes vary from estimates published in the first and second quarter 1970 publications due to a change in the method of seasonally adjusting the constant dollar estimates.

The Components of Demand

Personal Expenditure on Consumer Goods and Services

Consumer expenditure on goods and services advanced 1.6 per cent to a level of \$49,408 million seasonally adjusted at annual rates. Although consumer expenditure continued to recover after contracting by 0.1 per cent in the first quarter, its rate of advance was still modest when compared with advances scored in 1968 and 1969.

Durable goods advanced 1.6 per cent after an advance of 3.2 per cent in the second quarter. New and used automobiles was the only group to show a noticeable increase, of 4.6 per cent. Both new and used cars showed increases, of 4.2 per cent and 6.6 per cent respectively. Though the rise in new cars followed a larger rise of 11.3 per cent in the second quarter, the increases of the last two periods represented only a partial recovery of somewhat less than half of the ground lost in the steep 25.0 per cent first quarter decline. It is of interest that the increase in used cars occurred after two consecutive declines. Other components showed little change, except furniture, fixtures and floor coverings, which fell by 2.0 per cent.

Semi-durable goods declined by 2.2 per cent, its third decline in the 1969-1970 period. The decline was confined to the clothing and footwear group which fell by over 4.5 per cent; it came on top of very small advances during 1970. Men's and boys' clothing, and women's and children's clothing both declined; the former by just under 6 per cent; the latter by just over 4 per cent. Expenditures on personal accessories increased by over 4 per cent.

Consumer expenditures on non-durable goods rose by 2.2 per cent after a low gain of only 0.1 per cent in the second quarter. Fuel and utilities advanced by over 5.0 per cent, the largest increase in this component since the third quarter of 1968. Within this group over 7 per cent in heating fuels was considerably above the pace set during 1969. Gas also increased sharply, by over 12 per cent. Expenditure on alcoholic beverages advanced over 2 per cent while expenditures on tobacco showed no change. Partially offsetting these advances was a just under 4 per cent decline in non-durable household supplies.

The 2.0 per cent rise in consumer expenditure on services was the largest since the third quarter of 1969. The impact of the divergent movements as between foreign travel payments, which increased, and travel receipts, which declined, on the "net expenditure abroad" component has already been noted. Excluding the rise in this item, services rose by 0.8 per cent. Strong advances were in expenditures on personally operated transportation, and on shelter. Household services also increased. Purchased transportation expenditures declined fractionally.

Gross Fixed Capital Formation

Investment outlays rose by \$196 million or 1.2 per cent over the second quarter level to \$16,064 million, on a seasonally adjusted basis. The expansion in demand for fixed capital goods resulted from an increase of \$248 million in machinery and equipment outlays more than offsetting small declines of \$12 million and \$40 million in residential and non-residential construction outlays. Business fixed capital formation rose by 2 per cent, while government fell by 2.3 per cent.

In the business sector, non-residential construction investment was almost unchanged, while machinery and equipment investment climbed by \$292 million. The sluggishness in construction excluding housing occurred in the building component as outlays on engineering projects rose somewhat. Increased demand for machinery and equipment was reflected in a rise in domestic shipments and in imports of industrial machinery and communication equipment.

The decline in business residential housing noted in the first half of the year was almost arrested this quarter. A sharp increase in apartment unit starts during the quarter contributed marginally to the value of apartment investment, being offset by the weight of the diminished backlog of apartments started in the first half of the year and under construction during the quarter.

For the first nine months of 1970, business capital outlays were running 4.9 per cent below the like period of 1969. Housing was off 10.4 per cent, non-residential construction 1.4 per cent and machinery and equipment 4.2 per cent.

The low rate of activity in the residential sector this year is highlighted by statistics of housing construction. Over the first three quarters of 1970, housing units started totalled 119,153 and units completed 129,114. Comparable totals for 1969 were 161,273 and 140,215 respectively. Again, units under construction at the end of September this year amounted to 124,765 compared with 145,036 last year. Starts, which were running at an annual rate of 186,000 in the fourth quarter of 1969 dipped to 166,200 in the first quarter and down further to 136,600 in the second quarter. However, they rebounded to 185,800 in the third quarter. Under the stimulus of a further injection of federal funds for direct lending in low-rental housing, starts are expected to range between 180,000 and 185,000 for 1970 as a whole.

Non-Farm Business Inventories

Accumulation of non-farm business inventories in the third quarter of 1970, seasonally adjusted, amounted to \$828 million as compared to one of \$536 million in the previous quarter. Nearly 50 per cent of the total accumulation occurred in the stocks of retailers, while wholesalers contributed about 25 per cent. Manufacturers' contribution to the present quarter accumulation was a very moderate one.

Though small, the accumulation in manufacturing inventories represented a sharp swing after the \$152 million liquidation which occurred in the second quarter. Most stocks of durables were again depleted in the third quarter, but at a lower rate than in the second quarter. One notable exception was provided by the transportation goods producing industries, which showed a substantial accumulation. The reverse was true of non-durables, where the only liquidations were those which occurred in the stocks of the tobacco and of the printing industries. By level of processing, there was a sizable build-up of goods-in-process, a moderate one of finished goods and no change in raw materials.

Value of Physical Change in Non-Farm Business Inventories
Seasonally Adjusted at Annual Rates

	1Q	1970	
		2Q	3Q
		millions of dollars	
Manufacturing	452	-152	24
Durable goods	268	-200	-84
Non-durable goods	184	48	108
Wholesale trade	156	36	204
Retail trade	-96	560	404
"Other" industries	96	92	196
Grand Total	608	536	828

The accumulation in wholesale trade was almost entirely in non-durables, which showed a substantial increase in the rate of investment over the second quarter. Almost all of the build-up was accounted for by increases in the stocks of groceries and drugs, as offsetting movements left other non-durables unchanged. In durables, the marginal increase in stocks followed a substantial liquidation in the second quarter. Within this group, there was a shift in the stocks of construction materials, especially wood, from a substantial liquidation last quarter to a sizable accumulation this quarter. Conversely, there was a sharp decline in the stocks of industrial and transportation equipment and supplies, after a large build-up in the previous period.

More than 60 per cent of the increase in stocks of retail trade took place in durable goods, where it was concentrated in motor vehicle dealers, who experienced a second consecutive large increase in stocks. In the non-durable trades, the more notable increases occurred in the stocks of government liquor stores and of food stores.

Exports and Imports of Goods and Services

Preliminary results for the third quarter indicate that the balance on current account on a national accounts basis, moved from a surplus of \$1,056 million at annual rates to a surplus of \$720 million. The merchandise surplus dropped by \$140 million to \$2,636 million, while the non-merchandise deficit widened by \$196 million to \$1,916 million.

Transactions with Non-Residents
Seasonally Adjusted at Annual Rates
(National Accounts Basis)

	Exports			Imports		
	2Q'70	3Q'70	Per cent Change	2Q'70	3Q'70	Per cent Change
	millions of dollars					
Goods	17,064	16,664	-2.3	14,288	14,028	-1.8
Services	4,084	4,172	2.2	5,804	6,088	4.9
Total	21,148	20,836	-1.5	20,092	20,116	0.1

The main factors in the higher deficit on services were lower receipts and higher payments for travel and higher official contributions. The drop in the surplus on merchandise trade resulted from a fall of \$400 million at annual rates in receipts offsetting a fall of \$260 million in payments. The drop in merchandise exports was entirely due to a sizable decline in sales to the United States and to a smaller decline in sales to the United Kingdom. Exports to other countries rose in the quarter. Imports purchases were maintained from Britain but were lower from other overseas suppliers and American sources.

Taking the first nine months as a whole, buoyant export demand has provided the major support to the Canadian economy so far this year. Merchandise exports rose by 15.6 per cent over the comparable period of 1969. Although export gains were recorded over a wide range of commodities, the most notable increases were in the sales of wheat, nickel, copper and crude petroleum. Interestingly, the bulk of the increase this year was directed to markets other than the United States, even though the latter country accounts for close to three-fourths of Canadian exports. (Merchandise exports to the United States rose by 6.2 per cent.)

In contrast to exports, merchandise imports rose by a modest 2.4 per cent. Declining machinery and equipment capital spending, as well as slow growth in consumer demand contributed to the sluggishness of imports. In particular, imports of transportation and communication equipment fell over the period.

These trade developments resulted in a spectacular increase in the surplus on merchandise account from \$586 million in the first three quarters of 1969(2) to \$2,029 million so far this year. Although there was a slight deterioration in non-merchandise trade, due mainly to higher interest and dividends payments, the overall current account balance with non-residents, on a national accounts basis, swung from a deficit of \$725 million to a surplus of \$678 million - the first overall surplus for a comparable time period since 1952.

The Government Sector

Total current expenditures of all levels of government combined, excluding inter-governmental transfers, rose by \$828 million or just over 3 per cent in the third quarter. The largest absolute increase took place in transfer payments to persons with the increase equally divided between the federal and provincial levels. The main cause of the rise at the federal level was higher unemployment insurance benefits; at the provincial level most of the increase was in higher grants for post-secondary education and in a miscellaneous group of payments. Outlays on current goods and services rose by about half as much as transfers to persons with sharp increases at the provincial and local levels offset by a decline in federal expenditures. Transfer payments to non-residents also rose during the quarter. Subsidy payments declined at the federal level from the high rate of the second quarter. The other expenditure categories showed little change.

Total revenues of all governments rose slightly during the quarter, by about 1 per cent. Most categories showed little change, but this masked offsetting movements at the individual levels of government. Revenue from federal personal income taxes rose while provincial personal income tax revenues declined. Similarly, federal indirect taxation revenues increased, mainly from excise taxes and customs import duties; at the provincial level, revenues from this source declined. Government investment income rose, the largest part of the increase taking place at the federal level.

As a result of expenditures rising more sharply than revenues the surplus, on a national accounts basis and seasonally adjusted at annual rates, of the government sector as a whole fell from a rate of \$1,800 million in the second quarter to a rate of \$1,240 million in the third quarter.

In the first nine months of 1970, total government current expenditure, excluding inter-governmental transfers, rose by almost 15 per cent. The major portion of the increase was in expenditure on goods and services, due largely to higher wage and salary payments and to the extension of the Medicare program. Government capital expenditures were virtually unchanged. Total revenues of all governments rose by almost 10 per cent with over half of the rise taking place in revenue from personal income taxes, particularly at the federal level. As a result of expenditures rising more rapidly than revenues, the surplus, on a national accounts basis, of the government sector was about \$500 million lower than the surplus recorded in the first nine months of 1969.

The Components of Income

Labour Income

The modest increase of 1.2 per cent in labour income represented an improvement over the unusually low increase of 0.6 per cent in the second quarter. The acceleration was due to a renewed rise in the goods-producing industries, of 0.8 per cent, after a decline in the second quarter. Wages and salaries in the service-producing industries decelerated in the quarter to a rate of 1.4 per cent,

(2) See revised balance of payments estimates, revision note on page 15.

compared with 1.7 per cent last quarter. In the last two quarters, wages and salaries in both the goods-producing and the service-producing industries have displayed considerable weakness as compared with average performance in previous periods. This slowdown appears mainly due to lower increases in employment or, in some industries, to actual declines.

Wages and salaries in manufacturing, where employment has been declining in recent months, continued to rise very slowly, by 0.4 per cent compared with 0.7 per cent in the second quarter. A higher incidence of labour disputes this quarter also contributed to the slowdown. Construction rose by 2.4 per cent, after a sharp fall in the second quarter of 6.8 per cent largely due to strikes. The primary industries showed an increase of 0.4 per cent. Within that group, increases in fishing and trapping, up 2.1 per cent, and in mining, up 2.3 per cent, offset a 5.5 per cent decline in forestry.

Within the service-producing industries, all groups showed increases. Transportation, communication and utilities rose by 0.4 per cent, trade by 0.7 per cent, finance by 2.0 per cent, and public administration by 0.9 per cent. Within service, which advanced by 2.6 per cent, non-commercial service rose by 3.8 per cent and commercial service by 0.4 per cent.

Corporation Profits

Preliminary estimate of corporation profits indicate a slight increase of 1.1 per cent in the third quarter. Profits had declined sharply in the third quarter of 1969. Since then, except for a temporary spurt in the first quarter of this year, they have fluctuated between the relatively narrow limits of \$7.5 and \$7.6 billion. For the first nine months of this year, profits were 4.5 per cent below their level for the comparable period of 1969. Gross profits, which include depreciation charges, have shown a relatively flat trend since the first quarter of 1969.

Net Income of Unincorporated Business

Accrued net income of farm operators from farm production declined by almost 12 per cent in the quarter to a rate of \$1,276 million. An increase in the value of grain production and higher government subsidy payments were more than offset by a decline in the value of livestock production.

Net income of non-farm unincorporated business including rent rose by about 2 per cent in the quarter. The largest increase took place in net income of the construction industry; the other industry groupings showed little change.

Real Domestic Product

Real Domestic Product at factor cost⁽³⁾ rose by 0.6 per cent in the third quarter of this year, following a slight decrease in the second quarter, and an increase of 0.5 per cent in the first quarter. The second quarter was dampened by the construction and the manufacturing industries, with strikes affecting the output of the construction industry, while the first quarter was affected by recoveries in the production of nickel-copper from the previous year's strikes. The mild upturn in the third quarter originated mainly with the trade series - predominantly wholesale sales of grain in August and July. Mining also rose significantly in the quarter, based on increases in miscellaneous metal mining and crude petroleum and natural gas, as did transportation, storage and communication, based on rail and water shipments of grain products to world markets and continued advances in air and pipeline transport. These and other increases more than offset the second quarterly decrease for manufacturing, that was mainly the result of the September strike in the motor vehicle manufacturing industry, and the pulp and paper strikes in British Columbia in August and September.

(3) It should be noted that the movements described here may not always coincide with the constant price gross national expenditure data in the quarterly national income and expenditure accounts, due to conceptual and statistical differences.

Revision Note

The Balance of Payments Division revised data for 1968 and 1969. Revised figures are shown in "Quarterly Estimates of the Canadian Balance of International Payments Second Quarter 1970", DES 67-001. These revisions have not been incorporated in the National Accounts. They are shown below on a National Accounts Basis.

	Unadjusted for seasonality		Seasonally adjusted annual rates	
	Published	Revised	Published	Revised
million dollars				
Exports of goods and services:				
1968 - 1st quarter	3,608	3,597	16,204	16,032
2nd "	4,312	4,310	16,732	16,572
3rd "	4,464	4,420	16,664	16,808
4th "	4,411	4,392	17,580	17,464
Year	16,795	16,719	16,795	16,719
1969 - 1st quarter	4,127	4,128	18,364	18,312
2nd "	4,704	4,700	18,064	18,048
3rd "	4,766	4,741	18,188	18,104
4th "	4,883	4,899	19,304	19,408
Year	18,480	18,468	18,480	18,468
Imports of goods and services:				
1968 - 1st quarter	3,838	3,851	16,584	16,608
2nd "	4,357	4,349	16,448	16,400
3rd "	4,158	4,160	17,012	16,972
4th "	4,635	4,650	17,908	18,060
Year	16,988	17,010	16,988	17,010
1969 - 1st quarter	4,404	4,430	19,068	19,144
2nd "	5,062	5,095	19,032	19,120
3rd "	4,760	4,769	19,376	19,396
4th "	5,120	5,141	19,908	20,080
Year	19,346	19,435	19,346	19,435
Surplus or deficit (-) on current account with non-residents:				
1968 - 1st quarter	- 230	- 254	- 380	- 576
2nd "	- 45	- 39	- 284	- 172
3rd "	306	260	- 348	- 164
4th "	- 224	- 258	- 328	- 596
Year	- 193	- 291	- 193	- 291
1969 - 1st quarter	- 277	- 302	- 704	- 832
2nd "	- 358	- 395	- 968	- 1,072
3rd "	6	- 28	- 1,188	- 1,292
4th "	- 237	- 242	- 604	- 672
Year	- 866	- 967	- 866	- 967
Exports of goods and services (Constant (1961) dollars):				
1968 - 1st quarter	3,136	3,128	13,964	13,904
2nd "	3,741	3,741	14,428	14,384
3rd "	3,834	3,798	14,712	14,576
4th "	3,853	3,840	15,152	15,164
Year	14,564	14,507	14,564	14,507
1969 - 1st quarter	3,547	3,552	15,700	15,704
2nd "	3,984	3,986	15,332	15,296
3rd "	3,988	3,973	15,384	15,340
4th "	4,145	4,161	16,240	16,348
Year	15,664	15,672	15,664	15,672
Imports of goods and services (Constant (1961) dollars):				
1968 - 1st quarter	3,384	3,388	14,624	14,644
2nd "	3,838	3,811	14,500	14,420
3rd "	3,649	3,646	15,020	14,912
4th "	4,083	4,086	15,672	15,748
Year	14,954	14,931	14,954	14,931
1969 - 1st quarter	3,828	3,843	16,552	16,656
2nd "	4,362	4,379	16,456	16,444
3rd "	4,027	4,029	16,544	16,440
4th "	4,349	4,357	16,712	16,892
Year	16,566	16,608	16,566	16,608

TABLES UNADJUSTED FOR SEASONAL VARIATION

TABLE 1. National Income and Gross National Product, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	8,253	8,771	9,190	9,061	35,275	8,926	9,519	9,977	10,071	38,493
2. Military pay and allowances	210	207	223	199	839	213	194	218	235	860
3. Corporation profits before taxes(1)*	1,500	1,803	1,640	1,831	6,774	1,567	1,988	1,799	2,088	7,442
4. Deduct: Dividends paid to non-residents(2)	- 171	- 160	- 198	- 325	- 854	- 200	- 195	- 200	- 262	- 857
5. Interest, and miscellaneous investment income(3)	592	549	560	634	2,335	612	592	656	720	2,580
6. Accrued net income of farm operators from farm production(4)	- 73	38	1,363	- 22	1,306	- 118	- 105	1,636	58	1,471
7. Net income of non-farm unincorporated business including rent(5)	867	970	1,016	1,073	3,926	955	1,060	1,065	1,138	4,218
8. Inventory valuation adjustment(6)	- 131	- 43	- 45	- 104	- 323	- 108	- 53	- 29	- 127	- 317
9. NET NATIONAL INCOME AT FACTOR COST ...	11,047	12,135	13,749	12,347	49,278	11,847	13,000	15,122	13,921	53,890
10. Indirect taxes less subsidies	2,164	2,169	2,185	2,268	8,786	2,340	2,345	2,427	2,565	9,677
11. Capital consumption allowances and miscellaneous valuation adjustments	1,900	1,998	1,964	2,015	7,877	2,003	2,131	2,124	2,153	8,411
12. Residual error of estimate	- 234	- 101	- 56	172	- 219	- 229	- 236	- 110	24	- 551
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	14,877	16,201	17,842	16,802	65,722	15,961	17,240	19,563	18,663	71,427
14. (Gross national product at market prices excluding accrued net income of farm operators)	(14,950)	(16,163)	(16,479)	(16,824)	(64,416)	(16,079)	(17,345)	(17,927)	(18,605)	(69,956)

See footnote(s) below.

TABLE 1. National Income and Gross National Product, by Quarters, 1969 and 1970
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	10,088	10,695	11,215	11,205	43,203	11,177	11,665	12,038		
2. Military pay and allowances	214	224	222	238	898	229	220	222		
3. Corporation profits before taxes(1)*	1,845	2,203	1,801	2,003	7,852	1,767	2,030	1,791		
4. Deduct: Dividends paid to non-residents(2)	- 195	- 171	- 175	- 296	- 837	- 249	- 182	- 191		
5. Interest, and miscellaneous investment income(3)	805	741	796	854	3,196	904	845	924		
6. Accrued net income of farm operators from farm production(4)	- 115	10	1,713	87	1,695	- 49	209	1,075		
7. Net income of non-farm unincorporated business including rent(5)	1,000	1,108	1,124	1,178	4,410	1,046	1,134	1,154		
8. Inventory valuation adjustment(6)	- 156	- 156	- 74	- 163	- 549	- 118	- 48	7		
9. NET NATIONAL INCOME AT FACTOR COST ...	13,486	14,654	16,622	15,106	59,868	14,707	15,873	17,020		
10. Indirect taxes less subsidies	2,568	2,592	2,676	2,811	10,647	2,755	2,724	2,825		
11. Capital consumption allowances and miscellaneous valuation adjustments	2,160	2,246	2,300	2,360	9,066	2,376	2,520	2,531		
12. Residual error of estimate	- 437	- 387	- 279	59	-1,044	- 500	- 382	- 352		
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	17,777	19,105	21,319	20,336	78,537	19,338	20,735	22,024		
14. (Gross national product at market prices excluding accrued net income of farm operators)	(17,892)	(19,095)	(19,606)	(20,249)	(76,842)	(19,387)	(20,526)	(20,949)		

(1) Excludes profits of government business enterprises. *See Technical Note re Corporation and Labour Unions Returns Act, page 4.

(2) Includes the withholding tax applicable to this item.

(3) Includes profits (net of losses) of government business enterprises and other government investment income.

(4) Includes value of physical change in farm inventories as shown in line 14, Table 5. An adjustment has been made to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board.

(5) Includes net income of independent professional practitioners.

(6) See footnote 4, Table 2.

TABLE 2. Gross National Expenditure, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	8,900	9,651	9,480	10,967	38,998	9,716	10,380	10,344	11,920	42,360
2. Government current expenditure on goods and services (1)	2,713	2,669	2,708	2,844	10,934	3,023	2,833	3,023	3,279	12,158
3. Gross fixed capital formation	3,516	4,074	4,209	3,885	15,684	3,440	3,968	4,254	4,147	15,809
4. Government (2)	577	692	916	784	2,969	589	700	917	789	2,995
5. Residential construction	3	3	3	4	13	2	3	4	4	13
6. Non-residential construction	485	613	812	689	2,599	486	617	811	688	2,602
7. Machinery and equipment	89	76	101	91	357	101	80	102	97	380
8. Business (3)	2,939	3,382	3,293	3,101	12,715	2,851	3,268	3,337	3,358	12,814
9. Residential construction	537	643	831	798	2,809	620	773	900	961	3,254
10. Non-residential construction	988	1,103	1,288	1,154	4,533	963	1,100	1,297	1,182	4,542
11. Machinery and equipment	1,414	1,636	1,174	1,149	5,373	1,268	1,395	1,140	1,215	5,018
12. Value of physical change in inventories	-194	-41	1,214	-571	408	-217	-132	1,525	-435	741
13. Government	-22	17	35	-1	29	-21	14	37	-1	29
Business										
14. Non-farm (4)	278	79	115	-105	367	236	39	181	17	473
15. Farm and grain in commercial channels	-450	-137	1,064	-465	12	-432	-185	1,307	-451	239
16. Exports of goods and services (5)	3,175	3,846	3,926	3,766	14,713	3,608	4,312	4,464	4,411	16,795
17. Deduct: Imports of goods and services (5)	-3,467	-4,099	-3,751	-3,918	-15,235	-3,838	-4,357	-4,158	-4,635	-16,988
18. Residual error of estimate	234	101	56	-171	220	229	236	111	-24	552
19. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	14,877	16,201	17,842	16,802	65,722	15,961	17,240	19,563	18,663	71,427

(1) Includes defence expenditures. Data for the years 1967-1968 are shown in line 3, Table 6.

(2) Includes outlay on new durable assets such as building and highway construction by governments, other than government business enterprises. Excludes defence construction and equipment which are defined as current expenditure.

(3) Comprises capital expenditures by private and government business enterprises, private non-commercial institutions and outlays on new residential construction by individuals. Capital expenditure is defined to include all transfer costs on the sales and purchases of existing fixed assets.

(4) The book value of inventories is deflated to remove the effect of price changes and the derived "physical" change is then valued at average prices of the current period to obtain the value of physical change. The difference between this value of physical change and the change in book value is called the inventory valuation adjustment (see line 8, Table 1).

(5) See revision note page 15.

TABLE 3. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. GROSS NATIONAL PRODUCT AT MARKET PRICES	14,877	16,201	17,842	16,802	65,722	15,961	17,240	19,563	18,663	71,427
2. Deduct: Residual error of estimate	234	101	56	-172	219	229	236	110	-24	551
3. Indirect taxes less subsidies	-2,164	-2,169	-2,185	-2,268	-8,786	-2,340	-2,345	-2,427	-2,565	-9,677
4. Income received from non-residents	-114	-95	-107	-148	-464	-126	-140	-141	-176	-583
5. Add: Income paid to non-residents ..	365	409	389	570	1,733	426	461	420	534	1,841
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	13,198	14,447	15,995	14,784	58,424	14,150	15,452	17,525	16,432	63,559

TABLE 2. Gross National Expenditure, by Quarters, 1969 and 1970
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	10,710	11,501	11,339	12,981	46,531	11,373	12,154	11,986		
2. Government current expenditure on goods and services (1)	3,371	3,235	3,513	3,655	13,774	3,971	3,785	3,941		
3. Gross fixed capital formation	3,653	4,360	4,577	4,421	17,011	3,687	4,066	4,330		
4. Government (2)	589	701	917	786	2,993	612	709	903		
5. Residential construction	2	3	4	3	12	5	5	5		
6. Non-residential construction	492	620	824	703	2,639	522	621	805		
7. Machinery and equipment	95	78	89	80	342	85	83	93		
8. Business (3)	3,064	3,659	3,660	3,635	14,018	3,075	3,357	3,427		
9. Residential construction	765	974	1,062	1,053	3,854	774	814	922		
10. Non-residential construction	996	1,132	1,338	1,236	4,702	1,019	1,098	1,288		
11. Machinery and equipment	1,303	1,553	1,260	1,346	5,462	1,282	1,445	1,217		
12. Value of physical change in inventories	- 117	- 20	1,605	- 425	1,043	- 191	158	924		
13. Government	- 24	13	31	- 14	6	- 29	10	31		
Business										
14. Non-farm (4)	393	2	95	44	534	280	97	197		
15. Farm and grain in commercial channels	- 486	- 35	1,479	- 455	503	- 442	51	696		
16. Exports of goods and services (5)	4,127	4,704	4,766	4,883	18,480	4,710	5,537	5,427		
17. Deduct: Imports of goods and services (5)	- 4,404	- 5,062	- 4,760	- 5,120	- 19,346	- 4,712	- 5,347	- 4,937		
18. Residual error of estimate	437	387	279	- 59	1,044	500	382	353		
19. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	17,777	19,105	21,319	20,336	78,537	19,338	20,735	22,024		

(1) Includes defence expenditures. Data for 1969 and 1970 are shown in line 3, Table 6.

(2) Includes outlay on new durable assets such as building and highway construction by governments, other than government business enterprises. Excludes defence construction and equipment which are defined as current expenditure.

(3) Comprises capital expenditures by private and government business enterprises, private non-commercial institutions and outlays on new residential construction by individuals. Capital expenditure is defined to include all transfer costs on the sales and purchases of existing fixed assets.

(4) The book value of inventories is deflated to remove the effect of price changes and the derived "physical" change is then valued at average prices of the current period to obtain the value of physical change. The difference between this value of physical change and the change in book value is called the inventory valuation adjustment (see line 8, Table 1).

(5) See revision note page 15.

TABLE 3. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1969 and 1970
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. GROSS NATIONAL PRODUCT AT MARKET PRICES	17,777	19,105	21,319	20,336	78,537	19,338	20,735	22,024		
2. Deduct: Residual error of estimate ...	437	387	279	- 59	1,044	500	382	352		
3. Indirect taxes less subsidies	- 2,568	- 2,592	- 2,676	- 2,811	- 10,647	- 2,755	- 2,724	- 2,825		
4. Income received from non-residents	- 170	- 200	- 172	- 228	- 770	- 253	- 261	- 261		
5. Add: Income paid to non-residents	447	492	442	605	1,986	580	556	518		
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	15,923	17,192	19,192	17,843	70,150	17,410	18,688	19,808		

TABLE 4. Sources of Personal Income, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	8,253	8,771	9,190	9,061	35,275	8,926	9,519	9,977	10,071	38,493
2. Military pay and allowances	210	207	223	199	839	213	194	218	235	860
3. Net income received by farm operators from farm production(1)	176	- 61	1,310	- 46	1,379	- 20	95	1,596	19	1,690
4. Net income of non-farm unincorporated business including rent	867	970	1,016	1,073	3,926	955	1,060	1,065	1,138	4,218
5. Interest, dividends, and miscellaneous investment income(2)	938	977	982	1,084	3,981	1,037	1,093	1,088	1,169	4,387
<u>Current transfers</u>										
6. From government	1,191	1,144	1,103	1,207	4,645	1,331	1,307	1,319	1,395	5,352
7. Transfer payments to persons	1,189	1,143	1,102	1,206	4,640	1,329	1,306	1,317	1,394	5,346
8. Capital assistance	2	1	1	1	5	2	1	2	1	6
9. From corporations(3)	30	30	29	31	120	32	32	31	32	127
10. From non-residents	10	11	11	11	43	10	11	11	11	43
11. PERSONAL INCOME	11,675	12,049	13,864	12,620	50,208	12,484	13,311	15,305	14,070	55,170

See footnote(s) below.

TABLE 4. Sources of Personal Income, by Quarters, 1969 and 1970
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	10,088	10,695	11,215	11,205	43,203	11,177	11,665	12,038		
2. Military pay and allowances	214	224	222	238	898	229	220	222		
3. Net income received by farm operators from farm production(1)	- 115	13	1,691	55	1,644	- 82	162	1,017		
4. Net income of non-farm unincorporated business including rent	1,000	1,108	1,124	1,178	4,410	1,046	1,134	1,154		
5. Interest, dividends, and miscellaneous investment income(2)	1,148	1,227	1,233	1,345	4,953	1,282	1,362	1,319		
<u>Current transfers</u>										
6. From government	1,518	1,492	1,492	1,562	6,064	1,748	1,634	1,694		
7. Transfer payments to persons	1,517	1,491	1,490	1,562	6,060	1,748	1,633	1,693		
8. Capital assistance	1	1	2	-	4	-	1	1		
9. From corporations(3)	31	32	32	32	127	32	34	34		
10. From non-residents	11	11	11	11	44	24	24	25		
11. PERSONAL INCOME	13,895	14,802	17,020	15,626	61,343	15,456	16,235	17,503		

(1) This item differs from line 6, Table 1 by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.

(2) Includes all interest on the public debt paid by government to persons.

(3) Charitable contributions and bad debt allowances.

TABLE 5. Disposition of Personal Income, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	8,900	9,651	9,480	10,967	38,998	9,716	10,380	10,344	11,920	42,360
2. Durable goods	1,087	1,425	1,234	1,312	5,058	1,205	1,470	1,349	1,485	5,509
3. Semi-durable goods	809	1,026	1,024	1,439	4,298	876	1,077	1,069	1,545	4,567
4. Non-durable goods	3,461	3,603	3,762	4,444	15,270	3,792	3,870	3,997	4,784	16,443
5. Services(1)	3,543	3,597	3,460	3,772	14,372	3,843	3,963	3,929	4,106	15,841
<u>Current transfers</u>										
To government										
6. Income taxes	1,214	1,166	1,224	1,300	4,904	1,442	1,415	1,452	1,613	5,922
7. Succession duties and estate taxes	54	51	53	57	215	59	56	62	58	235
8. Employer and employee contributions to social insurance and government pension funds	450	503	509	430	1,892	504	531	537	518	2,090
9. Other	137	97	80	91	405	158	123	115	143	539
10. To corporations(2)	86	88	92	94	360	95	97	101	105	398
11. To non-residents	28	51	32	27	138	28	28	27	27	110
12. Personal saving	806	442	2,394	- 346	3,296	482	681	2,667	- 314	3,516
13. Personal saving excluding change in farm inventories	1,226	575	1,447	197	3,445	914	788	1,327	254	3,283
14. Value of physical change in farm inventories	- 420	- 133	947	- 543	- 149	- 432	- 107	1,340	- 568	233
15. PERSONAL INCOME	11,675	12,049	13,864	12,620	50,208	12,484	13,311	15,305	14,070	55,170
16. (Personal disposable income) (15-6-7-8-9)	(9,820)	(10,232)	(11,998)	(10,742)	(42,792)	(10,321)	(11,186)	(13,139)	(11,738)	(46,384)

See footnote(s) below.

TABLE 5. Disposition of Personal Income, by Quarters, 1969-1970
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	10,710	11,501	11,339	12,981	46,531	11,373	12,154	11,986		
2. Durable goods	1,345	1,567	1,422	1,586	5,920	1,229	1,511	1,382		
3. Semi-durable goods	975	1,215	1,139	1,663	4,992	999	1,226	1,158		
4. Non-durable goods	4,110	4,271	4,371	5,179	17,931	4,546	4,662	4,754		
5. Services(1)	4,280	4,448	4,407	4,553	17,688	4,599	4,755	4,692		
<u>Current transfers</u>										
To government										
6. Income taxes	1,643	1,914	1,885	2,027	7,469	2,018	2,274	2,166		
7. Succession duties and estate taxes	59	58	60	60	237	60	64	68		
8. Employer and employee contributions to social insurance and government pension funds	573	627	618	523	2,341	592	644	625		
9. Other	235	165	157	237	794	307	245	231		
10. To corporations(2)	110	114	117	119	460	119	119	121		
11. To non-residents	30	29	32	32	123	35	37	33		
12. Personal saving	535	394	2,812	- 353	3,388	952	698	2,273		
13. Personal saving excluding change in farm inventories	1,025	424	1,513	111	3,073	1,375	568	1,558		
14. Value of physical change in farm inventories	- 490	- 30	1,299	- 464	315	- 423	130	715		
15. PERSONAL INCOME	13,895	14,802	17,020	15,626	61,343	15,456	16,235	17,503		
16. (Personal disposable income) (15-6-7-8-9)	(11,385)	(12,038)	(14,300)	(12,779)	(50,502)	(12,479)	(13,008)	(14,413)		

(1) Includes net expenditure abroad.

(2) This item is the transfer portion of interest on the consumer debt.

TABLE 6. Government Revenue, Expenditure and Surplus or Deficit, by Level of Government, by Quarters
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
<u>REVENUE</u>										
1. Direct taxes - Persons	1,718	1,720	1,786	1,787	7,011	2,005	2,002	2,051	2,189	8,247
2. Federal(1)	1,027	1,075	1,072	1,117	4,291	1,230	1,242	1,240	1,395	5,107
3. Provincial	486	402	480	503	1,871	547	495	563	610	2,215
4. Local	-	-	-	-	-	-	-	-	-	-
5. Canada Pension Plan	152	179	172	121	624	168	193	191	134	686
6. Quebec Pension Plan	53	64	62	46	225	60	72	57	50	239
7. Direct taxes - Corporate and Govern- ment business enterprises	544	643	574	636	2,397	615	729	664	801	2,809
8. Federal(2)	404	479	430	473	1,786	461	546	498	600	2,105
9. (Federal tax collections)(2)	(404)	(572)	(433)	(414)	(1,823)	(411)	(486)	(563)	(431)	(1,891)
10. Provincial(3)	140	164	144	163	611	154	183	166	201	704
11. (Provincial tax collections)	(149)	(161)	(162)	(140)	(612)	(180)	(166)	(187)	(150)	(683)
12. Direct taxes-Non-residents-Federal(4)	41	66	37	74	218	49	60	40	60	209
13. Indirect taxes	2,281	2,316	2,387	2,458	9,442	2,467	2,475	2,628	2,750	10,320
14. Federal	878	940	919	968	3,705	855	905	948	1,053	3,761
15. Provincial	717	689	778	798	2,982	838	795	902	916	3,451
16. Local	686	687	690	692	2,755	774	775	778	781	3,108
17. Other current transfers from persons	137	97	80	91	405	158	123	115	143	539
18. Federal	1	1	-	1	3	1	1	1	1	4
19. Provincial	123	81	63	74	341	142	105	97	125	469
20. Local	13	14	16	15	58	15	16	16	16	63
21. Hospitals	-	1	1	1	3	-	1	1	1	3
22. Investment income	306	362	326	439	1,433	349	384	391	453	1,577
23. Federal	130	197	183	239	749	156	206	202	216	780
24. Provincial	155	137	117	167	576	163	135	153	185	636
25. Local	13	20	15	20	68	15	22	17	23	77
26. Hospitals	1	1	1	-	3	1	1	1	1	4
27. Canada Pension Plan	7	7	10	13	37	14	20	18	28	80
28. Current transfers from other levels of government	1,230	1,506	1,415	1,490	5,641	1,500	1,814	1,610	1,713	6,637
29. Provinces - From Canada	410	517	470	503	1,900	576	613	552	619	2,360
30. - From local governments	12	7	9	10	38	10	10	11	14	45
31. Local governments - From Canada	36	21	25	10	92	15	40	19	18	92
32. - From provinces	398	599	546	584	2,127	463	723	595	623	2,404
33. Hospitals - From provinces	370	358	360	378	1,466	431	423	428	433	1,715
34. - From local governments	4	4	5	5	18	5	5	5	6	21
35. Total revenue	6,257	6,710	6,605	6,975	26,547	7,143	7,587	7,499	8,109	30,338
36. Federal	2,481	2,758	2,641	2,872	10,752	2,752	2,960	2,929	3,325	11,966
37. Provincial	2,043	1,997	2,061	2,218	8,319	2,430	2,336	2,444	2,670	9,880
38. Local	1,146	1,341	1,292	1,321	5,100	1,282	1,576	1,425	1,461	5,744
39. Hospitals	375	364	367	384	1,490	437	430	435	441	1,743
40. Canada Pension Plan	159	186	182	134	661	182	213	209	162	766
41. Quebec Pension Plan	53	64	62	46	225	60	72	57	50	239
<u>CURRENT EXPENDITURE</u>										
42. Current expenditure on goods and services(5)	2,713	2,669	2,708	2,844	10,934	3,023	2,833	3,023	3,279	12,158
43. Federal	933	843	906	892	3,574	1,002	845	930	1,015	3,792
44. (Defence)	(470)	(426)	(471)	(438)	(1,805)	(481)	(419)	(433)	(479)	(1,812)
45. Provincial	618	550	522	560	2,250	668	555	633	704	2,560
46. Local	826	925	913	1,010	3,674	966	1,041	1,063	1,157	4,227
47. Hospitals	336	351	367	382	1,436	387	392	397	403	1,579
48. Transfer payments to persons	1,189	1,143	1,102	1,206	4,640	1,329	1,306	1,317	1,394	5,346
49. Federal	770	777	685	700	2,932	856	878	757	786	3,277
50. Provincial	397	343	394	482	1,616	449	401	526	577	1,953
51. Local	22	23	23	24	92	23	24	30	24	101
52. Canada Pension Plan	-	-	-	-	-	1	2	3	5	11
53. Quebec Pension Plan	-	-	-	-	-	-	1	1	2	4
54. Subsidies	117	147	202	190	656	127	130	201	185	643
55. Federal	91	134	146	153	524	104	114	141	159	518
56. Provincial	26	13	56	37	132	23	16	60	26	125

See footnote(s) at end of table.

TABLE 6. Government Revenue, Expenditure and Surplus or Deficit, by Level of Government, by Quarters - Continued
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
57. Capital assistance	18	16	13	27	74	21	13	32	20	86
58. Federal	14	16	12	26	68	20	10	27	15	72
59. Provincial	4	-	1	1	6	1	3	5	5	14
60. Current transfers to Non-residents- Federal	61	88	30	37	216	24	49	59	38	170
61. Interest on the public debt	428	528	462	556	1,974	505	609	559	595	2,268
62. Federal(6)	283	314	320	328	1,245	308	370	378	353	1,409
63. Provincial	89	85	73	110	357	117	111	93	126	447
64. Local	56	129	69	118	372	80	128	88	116	412
65. Current transfers to other levels of government	1,230	1,506	1,415	1,490	5,641	1,500	1,814	1,610	1,713	6,637
66. Canada - To provinces	410	517	470	503	1,900	576	613	552	619	2,360
67. - To local governments	36	21	25	10	92	15	40	19	18	92
68. Provinces - To local governments ...	398	599	546	584	2,127	463	723	595	623	2,404
69. - To hospitals	370	358	360	378	1,466	431	423	428	433	1,715
70. Local governments - To provinces ...	12	7	9	10	38	10	10	11	14	45
71. - To hospitals ...	4	4	5	5	18	5	5	5	6	21
72. Total current expenditure(7)	5,756	6,097	5,932	6,350	24,135	6,529	6,754	6,801	7,224	27,308
73. Federal	2,598	2,710	2,594	2,649	10,551	2,905	2,919	2,863	3,003	11,690
74. Provincial	1,902	1,948	1,952	2,152	7,954	2,152	2,232	2,340	2,494	9,218
75. Local	920	1,088	1,019	1,167	4,194	1,084	1,208	1,197	1,317	4,806
76. Hospitals	336	351	367	382	1,436	387	392	397	403	1,579
77. Canada Pension Plan	-	-	-	-	-	1	2	3	5	11
78. Quebec Pension Plan	-	-	-	-	-	-	1	1	2	4
79. Saving (Total revenue less total current expenditure)	501	613	673	625	2,412	614	833	698	885	3,030
80. Federal	- 117	48	47	223	201	- 153	41	66	322	276
81. Provincial	141	49	109	66	365	278	104	104	176	662
82. Local	226	253	273	154	906	198	368	228	144	938
83. Hospitals	39	13	-	2	54	50	38	38	38	164
84. Canada Pension Plan	159	186	182	134	661	181	211	206	157	755
85. Quebec Pension Plan	53	64	62	46	225	60	71	56	48	235
<u>SURPLUS OR DEFICIT ON A NATIONAL ACCOUNTS BASIS</u>										
Saving as above:										
86. Add: Capital consumption allowances	224	228	232	237	921	239	244	250	255	988
87. Federal	44	44	45	46	179	46	47	48	50	191
88. Provincial	73	74	75	77	299	78	79	80	82	319
89. Local	88	90	92	94	364	95	97	100	101	393
90. Hospitals	19	20	20	20	79	20	21	22	22	85
91. Deduct: Gross capital formation	555	709	951	783	2,998	568	714	954	788	3,024
92. Federal	82	107	156	120	465	102	104	163	131	500
93. Provincial	233	226	298	289	1,046	216	188	277	277	958
94. Local	194	328	444	323	1,289	202	369	455	323	1,349
95. Hospitals	46	48	53	51	198	48	53	59	57	217
96. Equals: Surplus (+) or Deficit (-) ..	170	132	- 46	79	335	285	363	- 6	352	994
97. Federal	- 155	- 15	- 64	149	- 85	- 209	- 16	- 49	241	- 33
98. Provincial	- 19	- 103	- 114	- 146	- 382	140	- 5	- 93	- 19	23
99. Local	120	15	- 79	- 75	- 19	91	96	- 127	- 78	- 18
100. Hospitals	12	- 15	- 33	- 29	- 65	22	6	1	3	32
101. Canada Pension Plan	159	186	182	134	661	181	211	206	157	755
102. Quebec Pension Plan	53	64	62	46	225	60	71	56	48	235

See footnote(s) at end of table.

TABLE 6. Government Revenue, Expenditure and Surplus or Deficit, by Level of Government, by Quarters - Continued
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
<u>REVENUE</u>										
1. Direct taxes - Persons	2,275	2,599	2,563	2,610	10,047	2,670	2,982	2,859		
2. Federal(1)	1,446	1,684	1,636	1,735	6,501	1,735	1,899	1,843		
3. Provincial	580	614	650	695	2,539	682	766	733		
4. Local	-	-	-	-	-	-	-	-		
5. Canada Pension Plan	180	219	208	131	738	188	232	200		
6. Quebec Pension Plan	69	82	69	49	269	65	85	83		
7. Direct taxes - Corporate and govern- ment business enterprises	754	841	686	789	3,070	705	786	667		
8. Federal(2)	564	628	512	590	2,294	527	594	504		
9. (Federal tax collections)(2)	(633)	(941)	(636)	(559)	(2,769)	(689)	(839)	(529)		
10. Provincial(3)	190	213	174	199	776	178	192	163		
11. (Provincial tax collections)	(242)	(240)	(237)	(183)	(902)	(247)	(225)	(211)		
12. Direct taxes-Non-residents-Federal(4)	46	73	48	65	232	66	70	45		
13. Indirect taxes	2,711	2,737	2,881	2,993	11,322	2,903	2,911	3,040		
14. Federal	929	983	1,011	1,101	4,024	929	987	1,040		
15. Provincial	928	898	1,012	1,033	3,871	1,029	977	1,051		
16. Local	854	856	858	859	3,427	945	947	949		
17. Other current transfers from persons	235	165	157	237	794	307	245	231		
18. Federal	1	1	1	1	4	1	1	1		
19. Provincial	217	146	138	217	718	289	225	210		
20. Local	17	17	17	18	69	17	18	19		
21. Hospitals	-	1	1	1	3	-	1	1		
22. Investment income	477	506	471	591	2,045	565	588	584		
23. Federal	229	254	238	315	1,036	245	304	305		
24. Provincial	206	192	184	206	788	259	208	212		
25. Local	19	24	20	25	88	22	25	22		
26. Hospitals	1	1	1	2	5	1	1	1		
27. Canada Pension Plan	22	35	28	43	128	38	50	44		
28. Current transfers from other levels of government	1,704	2,179	1,644	1,835	7,362	2,022	2,401	2,184		
29. Provinces - From Canada	671	678	615	666	2,630	760	803	875		
30. - From local governments	12	11	8	13	44	12	6	4		
31. Local governments - From Canada	25	26	29	18	98	15	28	21		
32. - From provinces	498	974	503	631	2,606	632	1,006	737		
33. Hospitals - From provinces	493	484	483	501	1,961	597	552	541		
34. - From local governments	5	6	6	6	23	6	6	6		
35. Total revenue	8,202	9,100	8,450	9,120	34,872	9,238	9,983	9,610		
36. Federal	3,215	3,623	3,446	3,807	14,091	3,503	3,855	3,738		
37. Provincial	2,804	2,752	2,781	3,029	11,366	3,209	3,177	3,248		
38. Local	1,413	1,897	1,427	1,551	6,288	1,631	2,024	1,748		
39. Hospitals	499	492	491	510	1,992	604	560	549		
40. Canada Pension Plan	202	254	236	174	866	226	282	244		
41. Quebec Pension Plan	69	82	69	49	269	65	85	83		
<u>CURRENT EXPENDITURE</u>										
42. Current expenditure on goods and services(5)	3,371	3,235	3,513	3,655	13,774	3,971	3,785	3,941		
43. Federal	1,139	953	1,112	1,111	4,315	1,277	1,121	1,075		
44. (Defence)	(493)	(396)	(454)	(463)	(1,806)	(530)	(430)	(449)		
45. Provincial	703	624	680	801	2,808	950	789	894		
46. Local	1,111	1,225	1,274	1,281	4,891	1,271	1,391	1,477		
47. Hospitals	418	433	447	462	1,760	473	484	495		
48. Transfer payments to persons	1,517	1,491	1,490	1,562	6,060	1,748	1,633	1,693		
49. Federal	966	940	847	849	3,602	1,066	1,053	956		
50. Provincial	518	513	601	670	2,302	637	526	681		
51. Local	25	26	27	27	105	25	29	29		
52. Canada Pension Plan	6	9	11	12	38	15	19	20		
53. Quebec Pension Plan	2	3	4	4	13	5	6	7		
54. Subsidies	143	145	205	182	675	148	187	215		
55. Federal	120	134	151	155	560	131	168	151		
56. Provincial	23	11	54	27	115	17	19	64		

See footnote(s) at end of table.

TABLE 6. Government Revenue, Expenditure and Surplus or Deficit, by Level of Government, by Quarters - Continued
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
57. Capital Assistance	20	28	23	36	107	33	41	22		
58. Federal	16	26	17	29	88	25	39	16		
59. Provincial	4	2	6	7	19	8	2	6		
60. Current transfers to Non-residents - Federal	26	58	56	42	182	42	53	90		
61. Interest on the public debt	577	700	624	720	2,621	688	808	697		
62. Federal(6)	341	416	404	428	1,589	427	487	463		
63. Provincial	155	145	127	160	587	172	157	138		
64. Local	81	139	93	132	445	89	164	96		
65. Current transfers to other levels of government	1,704	2,179	1,644	1,835	7,362	2,022	2,401	2,184		
66. Canada - To provinces	671	678	615	666	2,630	760	803	875		
67. - To local governments	25	26	29	18	98	15	28	21		
68. Provinces - To local governments ..	498	974	503	631	2,606	632	1,006	737		
69. - To hospitals	493	484	483	501	1,961	597	552	541		
70. Local governments - To provinces ...	12	11	8	13	44	12	6	4		
71. - To hospitals	5	6	6	6	23	6	6	6		
72. Total current expenditure(7)	7,358	7,836	7,555	8,032	30,781	8,652	8,908	8,842		
73. Federal	3,304	3,231	3,231	3,298	13,064	3,743	3,752	3,647		
74. Provincial	2,394	2,753	2,454	2,797	10,398	3,013	3,051	3,061		
75. Local	1,234	1,407	1,408	1,459	5,508	1,403	1,596	1,612		
76. Hospitals	418	433	447	462	1,760	473	484	495		
77. Canada Pension Plan	6	9	11	12	38	15	19	20		
78. Quebec Pension Plan	2	3	4	4	13	5	6	7		
79. Saving (Total revenue less total current expenditure)	844	1,264	895	1,088	4,091	586	1,075	768		
80. Federal	- 89	392	215	509	1,027	- 240	103	91		
81. Provincial	410	- 1	327	232	968	196	126	187		
82. Local	179	490	19	92	780	228	428	136		
83. Hospitals	81	59	44	48	232	131	76	54		
84. Canada Pension Plan	196	245	225	162	828	211	263	224		
85. Quebec Pension Plan	67	79	65	45	256	60	79	76		
SURPLUS OR DEFICIT ON A NATIONAL ACCOUNTS BASIS										
Saving as above:										
86. Add: Capital consumption allowances	261	268	274	280	1,083	287	294	301		
87. Federal	50	52	53	54	209	55	57	58		
88. Provincial	83	85	86	86	340	88	90	91		
89. Local	106	108	111	115	440	119	121	125		
90. Hospitals	22	23	24	25	94	25	26	27		
91. Deduct: Gross capital formation	565	714	948	772	2,999	583	719	934		
92. Federal	97	100	150	114	461	95	95	147		
93. Provincial	222	181	274	276	953	215	159	226		
94. Local	195	377	462	323	1,357	217	398	482		
95. Hospitals	51	56	62	59	228	56	67	79		
96. Equals: Surplus(+) or deficit(-)	540	818	221	596	2,175	290	650	135		
97. Federal	- 136	344	118	449	775	- 280	65	2		
98. Provincial	271	- 97	139	42	355	69	57	52		
99. Local	90	221	- 332	- 116	- 137	130	151	- 221		
100. Hospitals	52	26	6	14	98	100	35	2		
101. Canada Pension Plan	196	245	225	162	828	211	263	224		
102. Quebec Pension Plan	67	79	65	45	256	60	79	76		

(1) Includes the newly imposed taxes on life insurance companies. At the present time, for national accounts purposes, life insurance companies are treated as associations of individuals in so far as their investment activities are concerned. The new taxes are thus included here pending a complete review of the treatment of insurance.

(2) Excludes the refundable tax on corporate cash profits introduced May 1966. Refunding of the tax began in the third quarter of 1968. The amounts are as follows:

1966					1967					1968					1969					1970				
I	II	III	IV	Year	I	II	III	IV	Year	I	II	III	IV	Year	I	II	III	IV	Year	I	II	III	IV	Year
- 19	57	56	132		64	27	10	8	109	- 5	9	- 52	35	- 83	- 16	34	- 23	36	- 109	- 10	35	1		

(3) For the years 1950-1956 the data refer to provincial income tax collections; from 1957 on they refer to tax liabilities.

(4) Withholding taxes.

(5) Includes capital consumption allowances as shown in line 86.

(6) From 1951, interest on the federal public debt is on an accrual basis; prior to 1951 it is on a "due" date basis.

(7) See footnote 5.

TABLE 7. Transactions of Residents with Non-residents in the National Income and Expenditure Accounts, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968*				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Exports of goods and services	3,175	3,846	3,926	3,766	14,713	3,608	4,312	4,464	4,411	16,795
2. Merchandise	2,596	3,003	2,691	3,048	11,338	3,017	3,512	3,342	3,667	13,538
3. Non-merchandise	579	843	1,235	718	3,375	591	800	1,122	744	3,257
4. Deduct: Imports of goods and services	-3,467	-4,099	-3,751	-3,918	-15,235	-3,838	-4,357	-4,158	-4,635	-16,988
5. Merchandise	-2,481	-2,975	-2,591	-2,725	-10,772	-2,754	-3,140	-2,859	-3,409	-12,162
6. Non-merchandise	-986	-1,124	-1,160	-1,193	-4,463	-1,084	-1,217	-1,299	-1,226	-4,826
7. Add: Net current transfers abroad	-38	-62	-14	21	-93	7	-6	-35	6	-28
8. Current transfers to abroad(-)(1) ..	-89	-139	-62	-64	-354	-52	-77	-86	-65	-280
9. Current transfers from abroad(+)(2)	51	77	48	85	261	59	71	51	71	252
10. Equals: Saving(3)	-330	-315	161	-131	-615	-223	-51	271	-218	-221
Reconciliation with the "Canadian Balance of International Payments":										
Saving as above	-330	-315	161	-131	-615	-223	-51	271	-218	-221
Add: Net inheritances and migrants' funds	17	46	39	14	116	8	45	74	34	161
Equals: Surplus(+) or deficit(-) on current account as per "Canadian Balance of International Payments"(4)	-313	-269	200	-117	-499	-215	-6	345	-184	-60

See footnote(s) below.

TABLE 7. Transactions of Residents with Non-residents in the National Income and Expenditure Accounts, by Quarters, 1969 and 1970
(millions of dollars)

	1969*					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Exports of goods and services	4,127	4,704	4,766	4,883	18,480	4,710	5,537	5,427		
2. Merchandise	3,469	3,805	3,557	4,055	14,886	3,936	4,525	4,048		
3. Non-merchandise	658	899	1,209	828	3,594	774	1,012	1,379		
4. Deduct: Imports of goods and services	-4,404	-5,062	-4,760	-5,120	-19,346	-4,712	-5,347	-4,937		
5. Merchandise	-3,230	-3,706	-3,316	-3,766	-14,018	-3,303	-3,862	-3,315		
6. Non-merchandise	-1,174	-1,356	-1,444	-1,354	-5,328	-1,409	-1,485	-1,622		
7. Add: Net current transfers abroad	1	-3	-29	2	-29	13	4	-53		
8. Current transfers to abroad(-)(1) ..	-56	-87	-88	-74	-305	-77	-90	-123		
9. Current transfers from abroad(+)(2)	57	84	59	76	276	90	94	70		
10. Equals: Saving(3)	-276	-361	-23	-235	-895	11	194	437		
Reconciliation with the "Canadian Balance of International Payments":										
Saving as above	-276	-361	-23	-235	-895	11	194	437		
Add: Net inheritances and migrants' funds	18	50	56	49	173	30	52	42		
Equals: Surplus(+) or deficit(-) on current account as per "Canadian Balance of International Payments"(4)	-258	-311	33	-186	-722	41	246	479		

(1) Includes personal remittances, government official contributions and government pension payments.

(2) Includes withholding taxes and personal remittances from abroad.

(3) Saving of residents on transactions with non-residents in the national income and expenditure accounts. A negative figure indicates savings made available to the economy by non-residents (see line 8, Table 8).

(4) See "Quarterly Estimates of the Canadian Balance of International Payments", DBS 67-001.

* See revision note page 15.

TABLE 8. Sources of Gross Saving, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
Saving										
Persons and unincorporated business										
1. Personal saving	806	442	2,394	-346	3,296	482	681	2,667	-314	3,516
2. Adjustment on grain transactions(1)	-249	99	53	24	-73	-98	-200	40	39	-219
Corporate and government business enterprises										
3. Undistributed corporation profits	530	753	608	571	2,462	478	798	678	722	2,676
4. Undistributed profits of government business enterprises	87	43	37	29	196	68	55	63	69	255
5. Capital assistance	16	15	12	26	69	19	12	30	19	80
6. Inventory valuation adjustment ...	-131	-43	-45	-104	-323	-108	-53	-29	-127	-317
7. Government	501	613	673	625	2,412	614	833	698	885	3,030
8. Non-residents	330	315	-161	131	615	223	51	-271	218	221
9. Capital consumption allowances and miscellaneous valuation adjustments	1,900	1,998	1,964	2,015	7,877	2,003	2,131	2,124	2,153	8,411
10. Residual error of estimate	-234	-101	-56	172	-219	-229	-236	-110	24	-551
11. Total	3,556	4,134	5,479	3,143	16,312	3,452	4,072	5,890	3,688	17,102

See footnote below.

TABLE 8. Sources of Gross Saving, by Quarters, 1969 and 1970
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
Saving										
Persons and unincorporated business										
1. Personal saving	535	394	2,812	-353	3,388	952	698	2,273		
2. Adjustment on grain transactions(1)	-	-3	22	32	51	33	47	58		
Corporate and government business enterprises										
3. Undistributed corporation profits	637	918	662	594	2,811	540	769	653		
4. Undistributed profits of government business enterprises	95	63	79	49	286	105	81	85		
5. Capital assistance	19	27	21	36	103	33	40	21		
6. Inventory valuation adjustment ...	-156	-156	-74	-163	-549	-118	-48	7		
7. Government	844	1,264	895	1,088	4,091	586	1,075	768		
8. Non-residents	276	361	23	235	895	-11	-194	-437		
9. Capital consumption allowances and miscellaneous valuation adjustments	2,160	2,246	2,300	2,360	9,066	2,376	2,520	2,531		
10. Residual error of estimate	-437	-387	-279	59	-1,044	-500	-382	-352		
11. Total	3,973	4,727	6,461	3,937	19,098	3,996	4,606	5,607		

(1) This item is the adjustment to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board. See also footnote 1, Table 4.

TABLE 9. Disposition of Gross Saving, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Total gross fixed capital formation(1)	3,516	4,074	4,209	3,885	15,684	3,440	3,968	4,254	4,147	15,809
2. Residential construction	540	646	834	802	2,822	622	776	904	965	3,267
3. Non-residential construction	1,473	1,716	2,100	1,843	7,132	1,449	1,717	2,108	1,870	7,144
4. Machinery and equipment	1,503	1,712	1,275	1,240	5,730	1,369	1,475	1,242	1,312	5,398
5. Value of physical change in inventories	-194	-41	1,214	-571	408	-217	-132	1,525	-435	741
6. Residual error of estimate	234	101	56	-171	220	229	236	111	-24	552
7. Total	3,556	4,134	5,479	3,143	16,312	3,452	4,072	5,890	3,688	17,102

See footnote below.

TABLE 9. Disposition of Gross Saving, by Quarters, 1969 and 1970
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Total gross fixed capital formation(1)	3,653	4,360	4,577	4,421	17,011	3,687	4,066	4,330		
2. Residential construction	767	977	1,066	1,056	3,866	779	819	927		
3. Non-residential construction	1,488	1,752	2,162	1,939	7,341	1,541	1,719	2,093		
4. Machinery and equipment	1,398	1,631	1,349	1,426	5,804	1,367	1,528	1,310		
5. Value of physical change in inventories	-117	-20	1,605	-425	1,043	-191	158	924		
6. Residual error of estimate	437	387	279	-59	1,044	500	382	353		
7. Total	3,973	4,727	6,461	3,937	19,098	3,996	4,606	5,607		

(1) For a breakdown between government and business, see Table 2.

TABLE 10. Gross National Expenditure in Constant(1961) Dollars, by Quarters, 1967 and 1968(1)
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	7,981	8,535	8,259	9,534	34,309	8,371	8,825	8,696	9,961	35,853
2. Durable goods	1,077	1,401	1,189	1,256	4,923	1,157	1,404	1,277	1,399	5,237
3. Semi-durable goods	712	884	877	1,219	3,692	745	902	897	1,265	3,809
4. Non-durable goods	3,157	3,224	3,291	3,937	13,609	3,324	3,316	3,369	4,063	14,072
5. Services	3,035	3,026	2,902	3,122	12,085	3,145	3,203	3,153	3,234	12,735
6. Government current expenditure on goods and services	2,089	2,016	2,018	2,102	8,225	2,175	2,032	2,126	2,206	8,539
7. Gross fixed capital formation	2,965	3,449	3,537	3,240	13,191	2,914	3,315	3,522	3,426	13,177
8. Government	482	571	748	635	2,436	495	569	745	649	2,458
9. Residential construction	2	2	2	3	9	2	2	3	3	10
10. Non-residential construction	396	497	651	548	2,092	400	493	648	557	2,098
11. Machinery and equipment	84	72	95	84	335	93	74	94	89	350
12. Business	2,483	2,878	2,789	2,605	10,755	2,419	2,746	2,777	2,777	10,719
13. Residential construction	432	510	655	621	2,218	490	601	693	734	2,518
14. Non-residential construction	843	933	1,090	968	3,834	810	914	1,080	978	3,782
15. Machinery and equipment	1,208	1,435	1,044	1,016	4,703	1,119	1,231	1,004	1,065	4,419
16. Value of physical change in inventories	-151	-97	1,017	-457	312	-163	-86	1,173	-313	611
17. Government	-22	15	31	-2	22	-20	12	33	-2	23
Business										
18. Non-farm	247	65	64	-69	307	207	79	119	76	481
19. Farm and grain in commercial channels	-376	-177	922	-386	-17	-350	-177	1,021	-387	107
20. Exports of goods and services(2)	2,803	3,390	3,417	3,331	12,941	3,136	3,741	3,834	3,853	14,564
21. (of which: merchandise)	(2,332)	(2,710)	(2,442)	(2,756)	(10,240)	(2,672)	(3,125)	(2,971)	(3,289)	(12,057)
22. Deduct: Imports of goods and services(2)	-3,110	-3,679	-3,353	-3,510	-13,652	-3,384	-3,838	-3,649	-4,083	-14,954
23. (of which: merchandise)	(2,285)	(2,742)	(2,399)	(2,516)	(9,942)	(2,508)	(2,857)	(2,625)	(3,110)	(11,100)
24. Residual error of estimate	201	86	47	-143	191	190	194	90	-19	455
25. GROSS NATIONAL EXPENDITURE IN CONSTANT(1961) DOLLARS	12,778	13,700	14,942	14,097	55,517	13,239	14,183	15,792	15,031	58,245

- (1) The implicit price deflators of the seasonally unadjusted components of Gross National Expenditure, derived by dividing the value figures in Table 2 by the constant dollar figures in Table 10, are not suitable as indicators of quarter-to-quarter price change. This is because they are currently weighted and therefore are affected by compositional shifts which occur within the unadjusted components of Gross National Expenditure on a quarter-to-quarter basis. Quarter-to-quarter movement in the implicit price deflators based on seasonally adjusted data are less subject to the problem of shifting weights and may be used as a measure of price change.
- (2) See revision note page 15.

TABLE 10. Gross National Expenditure in Constant(1961) Dollars, by Quarters, 1969 and 1970(1)
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	8,888	9,380	9,130	10,449	37,847	9,038	9,568	9,395		
2. Durable goods	1,284	1,477	1,333	1,470	5,564	1,135	1,383	1,258		
3. Semi-durable goods	805	984	919	1,328	4,036	805	976	924		
4. Non-durable goods	3,511	3,546	3,563	4,276	14,896	3,738	3,759	3,816		
5. Services	3,288	3,373	3,315	3,375	13,351	3,360	3,450	3,397		
6. Government current expenditure on goods and services	2,250	2,104	2,249	2,289	8,892	2,501	2,339	2,404		
7. Gross fixed capital formation	2,976	3,502	3,626	3,479	13,583	2,884	3,165	3,343		
8. Government	474	567	725	611	2,377	474	549	696		
9. Residential construction	1	2	3	2	8	4	4	4		
10. Non-residential construction	386	494	641	537	2,058	396	473	611		
11. Machinery and equipment	87	71	81	72	311	74	72	81		
12. Business	2,502	2,935	2,901	2,868	11,206	2,410	2,616	2,647		
13. Residential construction	569	708	780	777	2,834	563	583	654		
14. Non-residential construction	802	892	1,044	944	3,682	770	826	970		
15. Machinery and equipment	1,131	1,335	1,077	1,147	4,690	1,077	1,207	1,023		
16. Value of physical change in inventories	-53	-108	1,428	-357	910	-224	25	901		
17. Government	-22	10	27	-12	3	-26	7	27		
Business										
18. Non-farm	355	20	18	63	456	223	121	129		
19. Farm and grain in commercial channels	-386	-138	1,383	-408	451	-421	-103	745		
20. Exports of goods and services(2)	3,547	3,984	3,988	4,145	15,664	3,990	4,653	4,497		
21. (of which: merchandise)	(3,054)	(3,320)	(3,112)	(3,548)	(13,034)	(3,432)	(3,935)	(3,529)		
22. Deduct: Imports of goods and services(2)	-3,828	-4,362	-4,027	-4,349	-16,566	-3,937	-4,456	-4,136		
23. (of which: merchandise)	(2,894)	(3,300)	(2,914)	(3,292)	(12,400)	(2,860)	(3,338)	(2,923)		
24. Residual error of estimate	346	302	215	- 45	818	380	289	265		
25. GROSS NATIONAL EXPENDITURE IN CONSTANT(1961) DOLLARS	14,126	14,802	16,609	15,611	61,148	14,632	15,583	16,669		

(1) The implicit price deflators of the seasonally unadjusted components of Gross National Expenditure, derived by dividing the value figures in Table 2 by the constant dollar figures in Table 10, are not suitable as indicators of quarter-to-quarter price change. This is because they are currently weighted and therefore are affected by compositional shifts which occur within the unadjusted components of Gross National Expenditure on a quarter-to-quarter basis. Quarter-to-quarter movements in the implicit price deflators based on seasonally adjusted data are less subject to the problem of shifting weights and may be used as a measure of price change.

(2) See revision note page 15.

TABLES ADJUSTED FOR SEASONAL VARIATION AND AT ANNUAL RATES

TABLE 11. National Income and Gross National Product, by Quarters, 1967 and 1968
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	34,208	34,996	35,756	36,140	35,275	36,912	37,976	38,876	40,208	38,493
2. Military pay and allowances	820	848	884	804	839	828	808	864	940	860
3. Corporation profits before taxes(1)*	6,664	6,640	6,844	6,948	6,774	6,960	7,316	7,568	7,924	7,442
4. Deduct: Dividends paid to non-residents(2)	- 736	- 824	- 920	- 936	- 854	- 864	- 944	- 892	- 728	- 857
5. Interest, and miscellaneous investment income(3)	2,308	2,304	2,332	2,396	2,335	2,364	2,500	2,708	2,748	2,580
6. Accrued net income of farm operators from farm production(4)	1,452	1,540	1,212	1,020	1,306	1,536	1,256	1,516	1,576	1,471
7. Net income of non-farm unincorporated business including rent(5)	3,708	3,864	4,048	4,084	3,926	4,104	4,208	4,244	4,316	4,218
8. Inventory valuation adjustment(6)	- 448	- 152	- 324	- 368	- 323	- 352	- 196	- 272	- 448	- 317
9. NET NATIONAL INCOME AT FACTOR COST ...	47,976	49,216	49,832	50,088	49,278	51,488	52,924	54,612	56,536	53,890
10. Indirect taxes less subsidies	8,796	8,784	8,744	8,820	8,786	9,516	9,512	9,700	9,980	9,677
11. Capital consumption allowances and miscellaneous valuation adjustments	7,752	7,900	7,848	8,008	7,877	8,168	8,416	8,488	8,572	8,411
12. Residual error of estimate	- 292	- 144	- 200	- 240	- 219	- 196	- 584	- 624	- 800	- 551
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	64,232	65,756	66,224	66,676	65,722	68,976	70,268	72,176	74,288	71,427
14. (Gross national product at market prices excluding accrued net income of farm operators)	(62,780)	(64,216)	(65,012)	(65,656)	(64,416)	(67,440)	(69,012)	(70,660)	(72,712)	(69,956)

See footnote(s) below.

TABLE 11. National Income and Gross National Product, by Quarters, 1969 and 1970
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	41,672	42,612	43,724	44,804	43,203	46,212	46,500	47,060		
2. Military pay and allowances	840	920	884	948	898	896	908	884		
3. Corporation profits before taxes(1)*	8,160	8,084	7,576	7,588	7,852	7,832	7,452	7,536		
4. Deduct: Dividends paid to non-residents(2)	- 860	- 848	- 796	- 844	- 837	- 1,080	- 884	- 872		
5. Interest, and miscellaneous investment income(3)	3,084	3,136	3,272	3,292	3,196	3,444	3,584	3,812		
6. Accrued net income of farm operators from farm production(4)	1,540	1,552	1,964	1,724	1,695	1,396	1,448	1,276		
7. Net income of non-farm unincorporated business including rent(5)	4,292	4,388	4,480	4,480	4,410	4,492	4,488	4,572		
8. Inventory valuation adjustment(6)	- 536	- 616	- 460	- 584	- 549	- 380	- 188	- 140		
9. NET NATIONAL INCOME AT FACTOR COST ...	58,192	59,228	60,644	61,408	59,868	62,812	63,308	64,128		
10. Indirect taxes less subsidies	10,456	10,524	10,692	10,916	10,647	11,172	11,088	11,296		
11. Capital consumption allowances and miscellaneous valuation adjustments	8,796	8,872	9,200	9,396	9,066	9,724	9,924	10,120		
12. Residual error of estimate	- 956	- 1,144	- 1,244	- 832	- 1,044	- 1,028	- 1,244	- 1,424		
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	76,488	77,480	79,292	80,888	78,537	82,680	83,076	84,120		
14. (Gross national product at market prices excluding accrued net income of farm operators)	(74,948)	(75,928)	(77,328)	(79,164)	(76,842)	(81,284)	(81,628)	(82,844)		

(1) See footnote 1, Table 1. *See Technical Note re Corporation and Labour Unions Returns Act, page 4.

(2) See footnote 2, Table 1.

(3) See footnote 3, Table 1.

(4) Includes an arbitrary smoothing of crop production, and standard seasonal adjustments for withdrawals of grain from farm stocks and for the change in farm-held livestock and other inventories. Because of the arbitrary element, too precise an interpretation should not be given the seasonally adjusted figures of accrued net income of farm operators.

(5) See footnote 5, Table 1.

(6) See footnote 4, Table 2.

TABLE 12. Gross National Expenditure, by Quarters, 1967 and 1968
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	37,596	38,524	39,580	40,292	38,998	41,104	41,596	42,812	43,928	42,360
2. Government current expenditure on goods and services(1)	10,452	11,048	11,036	11,200	10,934	11,660	11,744	12,328	12,900	12,158
3. Gross fixed capital formation	16,004	15,956	15,624	15,152	15,684	15,744	15,548	15,744	16,200	15,809
4. Government(2)	2,952	2,980	2,980	2,964	2,969	2,988	3,012	2,988	2,992	2,995
5. Residential construction	12	12	12	16	13	8	12	16	16	13
6. Non-residential construction	2,584	2,612	2,600	2,600	2,599	2,592	2,608	2,600	2,608	2,602
7. Machinery and equipment	356	356	368	348	357	388	392	372	368	380
8. Business(3)	13,052	12,976	12,644	12,188	12,715	12,756	12,536	12,756	13,208	12,814
9. Residential construction	2,584	2,712	2,964	2,976	2,809	3,024	3,200	3,208	3,584	3,254
10. Non-residential construction	4,628	4,544	4,504	4,456	4,533	4,532	4,536	4,536	4,564	4,542
11. Machinery and equipment	5,840	5,720	5,176	4,756	5,373	5,200	4,800	5,012	5,060	5,018
12. Value of physical change in inventories	440	640	668	- 116	408	656	508	1,016	784	741
13. Government	12	32	36	36	29	20	20	40	36	29
Business										
14. Non-farm(4)	540	540	612	- 224	367	408	364	816	304	473
15. Farm and grain in commercial channels(5)	- 112	68	20	72	12	228	124	160	444	239
16. Exports of goods and services(6)	14,436	14,912	14,516	14,988	14,713	16,204	16,732	16,664	17,580	16,795
17. Deduct: Imports of goods and services(6)	-14,984	-15,472	-15,400	-15,084	-15,235	-16,584	-16,448	-17,012	-17,908	-16,988
18. Residual error of estimate	288	148	200	244	220	192	588	624	804	552
19. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	64,232	65,756	66,224	66,676	65,722	68,976	70,268	72,176	74,288	71,427
Detail of Farm Inventories and GICC:										
Value of grain crop production	1,208	1,208	1,208	1,212	1,209	1,480	1,484	1,484	1,484	1,483
Depletions of farm stocks of grain	- 1,308	- 1,440	- 1,452	- 1,232	- 1,358	- 1,428	- 1,172	- 988	- 1,296	- 1,221
Change in other farm-held inventories	- 36	140	- 84	- 20	-	28	- 56	- 64	- 24	- 29
Grain in commercial channels	24	160	348	112	161	148	- 132	- 272	280	6

(1) Includes defence expenditures. Data for the years 1967-1968 are shown in line 44, Table 16.

(2) See footnote 2, Table 2.

(3) See footnote 3, Table 2.

(4) See footnote 4, Table 2.

(5) In the seasonally adjusted series, the value of grain crop production in each quarter is taken as one-fourth of the estimated value of crop production for the year as a whole (see footnote 4, Table 11). All other items in the farm inventories series are seasonally adjusted by standard techniques.

(6) See revision note page 15.

TABLE 13. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1967 and 1968
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. GROSS NATIONAL PRODUCT AT MARKET PRICES	64,232	65,756	66,224	66,676	65,722	68,976	70,268	72,176	74,288	71,427
2. Deduct: Residual error of estimate	292	144	200	240	219	196	584	624	800	551
3. Indirect taxes less subsidies	- 8,796	- 8,784	- 8,744	- 8,820	- 8,786	- 9,516	- 9,512	- 9,700	- 9,980	- 9,677
4. Income received from non-residents	- 492	- 400	- 488	- 476	- 464	- 528	- 584	- 636	- 584	- 583
5. Add: Income paid to non-residents	1,580	1,700	1,808	1,844	1,733	1,840	1,896	1,912	1,716	1,841
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	56,816	58,416	59,000	59,464	58,424	60,968	62,652	64,376	66,240	63,559

TABLE 12. Gross National Expenditure, by Quarters, 1969 and 1970
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	45,256	46,032	46,648	48,188	46,531	48,124	48,624	49,408		
2. Government current expenditure on goods and services(1)	13,048	13,388	14,256	14,404	13,774	15,288	15,700	16,020		
3. Gross fixed capital formation	16,756	17,032	16,984	17,272	17,011	17,000	15,868	16,064		
4. Government(2)	3,004	3,000	2,976	2,992	2,993	3,144	2,976	2,908		
5. Residential construction	8	12	16	12	12	20	20	20		
6. Non-residential construction	2,616	2,620	2,648	2,672	2,639	2,780	2,588	2,564		
7. Machinery and equipment	380	368	312	308	342	344	368	324		
8. Business(3)	13,752	14,032	14,008	14,280	14,018	13,856	12,892	13,156		
9. Residential construction	3,748	3,980	3,776	3,912	3,854	3,848	3,312	3,300		
10. Non-residential construction	4,688	4,664	4,684	4,772	4,702	4,792	4,528	4,512		
11. Machinery and equipment	5,316	5,388	5,548	5,596	5,462	5,216	5,052	5,344		
12. Value of physical change in inventories	1,180	848	1,348	796	1,043	428	584	484		
13. Government	12	16	12	-16	6	-8	4	12		
Business										
14. Non-farm(4)	1,064	196	420	456	534	608	536	828		
15. Farm and grain in commercial channels(5)	104	636	916	356	503	-172	44	-356		
16. Exports of goods and services(6)	18,364	18,064	18,188	19,304	18,480	21,120	21,148	20,836		
17. Deduct: Imports of goods and services(6)	-19,068	-19,032	-19,376	-19,908	-19,346	-20,308	-20,092	-20,116		
18. Residual error of estimate	952	1,148	1,244	832	1,044	1,028	1,244	1,424		
19. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	76,488	77,480	79,292	80,888	78,537	82,680	83,076	84,120		
Detail of Farm Inventories and GICC:										
Value of grain crop production	1,444	1,444	1,444	1,444	1,444	980	980	980		
Depletions of farm stocks of grain	-1,288	-1,064	-1,484	-980	-1,204	-1,444	-1,132	-1,112		
Change in other farm-held inventories	-212	88	392	32	75	232	320	8		
Grain in commercial channels	160	168	564	-140	188	60	-124	-232		

(1) Includes defence expenditures. Data for 1969 and 1970 are shown in line 44, Table 16.

(2) See footnote 2, Table 2.

(3) See footnote 3, Table 2.

(4) See footnote 4, Table 2.

(5) In the seasonally adjusted series, the value of grain crop production in each quarter is taken as one-fourth of the estimated value of crop production for the year as a whole (see footnote 4, Table 11). All other items in the farm inventories series are seasonally adjusted by standard techniques.

(6) See revision note page 15.

TABLE 13. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1969 and 1970
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. GROSS NATIONAL PRODUCT AT MARKET PRICES	76,488	77,480	79,292	80,888	78,537	82,680	83,076	84,120		
2. Deduct: Residual error of estimate	956	1,144	1,244	832	1,044	1,028	1,244	1,424		
3. Indirect taxes less subsidies	-10,456	-10,524	-10,692	-10,916	-10,647	-11,172	-11,088	-11,296		
4. Income received from non-residents	-712	-808	-764	-796	-770	-1,020	-1,036	-1,168		
5. Add: Income paid to non-residents ..	1,940	2,008	2,008	1,988	1,986	2,476	2,232	2,344		
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	68,216	69,300	71,088	71,996	70,150	73,992	74,428	75,424		

TABLE 14. Sources of Personal Income, by Quarters, 1967 and 1968
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	34,208	34,996	35,756	36,140	35,275	36,912	37,976	38,876	40,208	38,493
2. Military pay and allowances	820	848	884	804	839	828	808	864	940	860
3. Net income received by farm operators from farm production(1)	1,508	1,532	1,400	1,076	1,379	1,764	1,508	1,768	1,720	1,690
4. Net income of non-farm unincorporated business including rent	3,708	3,864	4,048	4,084	3,926	4,104	4,208	4,244	4,316	4,218
5. Interest, dividends, and miscellaneous investment income(2)	3,832	3,908	4,028	4,156	3,981	4,236	4,368	4,460	4,484	4,387
<u>Current transfers</u>										
6. From government	4,396	4,636	4,612	4,936	4,645	4,900	5,292	5,520	5,696	5,352
7. Transfer payments to persons	4,388	4,632	4,608	4,932	4,640	4,892	5,288	5,512	5,692	5,346
8. Capital assistance	8	4	4	4	5	8	4	8	4	6
9. From corporations(3)	120	120	116	124	120	128	128	124	128	127
10. From non-residents	40	44	44	44	43	40	44	44	44	43
11. PERSONAL INCOME	48,632	49,948	50,888	51,364	50,208	52,912	54,332	55,900	57,536	55,170

See footnote(s) below.

TABLE 14. Sources of Personal Income, by Quarters, 1969 and 1970
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	41,672	42,612	43,724	44,804	43,203	46,212	46,500	47,060		
2. Military pay and allowances	840	920	884	948	898	896	908	884		
3. Net income received by farm operators from farm production(1)	1,412	1,524	1,976	1,664	1,644	1,216	1,268	1,076		
4. Net income of non-farm unincorporated business including rent	4,292	4,388	4,480	4,480	4,410	4,492	4,488	4,572		
5. Interest, dividends, and miscellaneous investment income(2)	4,696	4,896	5,060	5,160	4,953	5,244	5,428	5,404		
<u>Current transfers</u>										
6. From government	5,632	6,056	6,224	6,344	6,064	6,508	6,636	7,212		
7. Transfer payments to persons	5,628	6,052	6,216	6,344	6,060	6,508	6,632	7,208		
8. Capital assistance	4	4	8	-	4	-	4	4		
9. From corporations(3)	124	128	128	128	127	128	136	136		
10. From non-residents	44	44	44	44	44	100	96	100		
11. PERSONAL INCOME	58,712	60,568	62,520	63,572	61,343	64,796	65,460	66,444		

(1) See footnote 1, Table 4.

(2) See footnote 2, Table 4.

(3) See footnote 3, Table 4.

TABLE 15. Disposition of Personal Income, by Quarters, 1967 and 1968
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	37,596	38,524	39,580	40,292	38,998	41,104	41,596	42,812	43,928	42,360
2. Durable goods	4,732	5,224	5,116	5,160	5,058	5,232	5,412	5,628	5,764	5,509
3. Semi-durable goods	4,072	4,328	4,416	4,376	4,298	4,452	4,504	4,612	4,700	4,567
4. Non-durable goods	14,704	14,988	15,512	15,876	15,270	16,080	16,108	16,532	17,052	16,443
5. Services(1)	14,088	13,984	14,536	14,880	14,372	15,340	15,572	16,040	16,412	15,841
<u>Current transfers</u>										
To government										
6. Income taxes	4,880	4,524	4,996	5,216	4,904	5,760	5,516	5,952	6,460	5,922
7. Succession duties and estate taxes	216	204	212	228	215	236	224	248	232	235
8. Employer and employee contributions to social insurance and government pension funds	1,840	1,876	1,952	1,900	1,892	2,068	1,980	2,052	2,260	2,090
9. Other	388	408	416	408	405	460	520	560	616	539
10. To corporations(2)	344	356	364	376	360	380	392	400	420	398
11. To non-residents	108	196	132	116	138	108	104	112	116	110
12. Personal saving	3,260	3,860	3,236	2,828	3,296	2,796	4,000	3,764	3,504	3,516
13. PERSONAL INCOME	48,632	49,948	50,888	51,364	50,208	52,912	54,332	55,900	57,536	55,170
14. (Personal disposable income) (13-6-7-8-9)	(41,308)	(42,936)	(43,312)	(43,612)	(42,792)	(44,388)	(46,092)	(47,088)	(47,968)	(46,384)

See footnote(s) below.

TABLE 15. Disposition of Personal Income, by Quarters, 1969 and 1970
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	45,256	46,032	46,648	48,188	46,531	48,124	48,624	49,408		
2. Durable goods	5,864	5,796	5,896	6,124	5,920	5,448	5,620	5,708		
3. Semi-durable goods	4,940	5,060	4,888	5,080	4,992	5,056	5,112	5,000		
4. Non-durable goods	17,384	17,648	17,936	18,756	17,931	19,208	19,228	19,656		
5. Services(1)	17,068	17,528	17,928	18,228	17,688	18,412	18,664	19,044		
<u>Current transfers</u>										
To government										
6. Income taxes	6,544	7,476	7,744	8,112	7,469	8,028	8,908	8,900		
7. Succession duties and estate taxes	236	232	240	240	237	240	256	272		
8. Employer and employee contributions to social insurance and government pension funds	2,340	2,356	2,376	2,292	2,341	2,408	2,416	2,392		
9. Other	768	688	728	992	794	1,004	1,040	1,060		
10. To corporations(2)	440	456	472	472	460	476	480	484		
11. To non-residents	116	108	132	136	123	136	144	136		
12. Personal saving	3,012	3,220	4,180	3,140	3,388	4,380	3,592	3,792		
13. PERSONAL INCOME	58,712	60,568	62,520	63,572	61,343	64,796	65,460	66,444		
14. (Personal disposable income) (13-6-7-8-9)	(48,824)	(49,816)	(51,432)	(51,936)	(50,502)	(53,116)	(52,840)	(53,820)		

(1) See footnote 1, Table 5.

(2) See footnote 2, Table 5.

TABLE 16. Government Revenue, Expenditure and Surplus or Deficit, by Level of Government, by Quarters
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
<u>REVENUE</u>										
1. Direct taxes - Persons	6,936	6,604	7,160	7,344	7,011	8,064	7,720	8,252	8,952	8,247
2. Federal(1)	4,184	4,132	4,368	4,480	4,291	4,976	4,792	5,068	5,592	5,107
3. Provincial	1,916	1,644	1,928	1,996	1,871	2,156	2,024	2,272	2,408	2,215
4. Local	-	-	-	-	-	-	-	-	-	-
5. Canada Pension Plan	620	616	624	636	624	688	664	692	700	686
6. Quebec Pension Plan	216	212	240	232	225	244	240	220	252	239
7. Direct taxes - Corporate and govern- ment business enterprises	2,316	2,364	2,464	2,444	2,397	2,616	2,680	2,860	3,080	2,809
8. Federal(2)	1,720	1,760	1,844	1,820	1,786	1,964	2,008	2,144	2,304	2,105
9. (Federal tax collections)(2)	(1,780)	(1,824)	(1,840)	(1,848)	(1,823)	(1,772)	(1,512)	(2,368)	(1,912)	(1,891)
10. Provincial(3)	596	604	620	624	611	652	672	716	776	704
11. (Provincial tax collections)	(572)	(604)	(616)	(656)	(612)	(688)	(620)	(720)	(704)	(683)
12. Direct taxes-Non-residents-Federal(4)	192	236	212	232	218	224	208	216	188	209
13. Indirect taxes	9,348	9,444	9,432	9,544	9,442	10,100	10,132	10,384	10,664	10,320
14. Federal	3,776	3,748	3,664	3,632	3,705	3,676	3,628	3,796	3,944	3,761
15. Provincial	2,824	2,948	3,008	3,148	2,982	3,324	3,404	3,476	3,600	3,451
16. Local(5)	2,748	2,748	2,760	2,764	2,755	3,100	3,100	3,112	3,120	3,108
17. Other current transfers from persons	388	408	416	408	405	460	520	560	616	539
18. Federal	-	4	4	4	3	4	4	4	4	4
19. Provincial	336	344	344	340	341	396	448	488	544	469
20. Local	52	56	64	60	58	60	64	64	64	63
21. Hospitals	-	4	4	4	3	-	4	4	4	3
22. Investment income	1,328	1,428	1,440	1,536	1,433	1,516	1,520	1,700	1,572	1,577
23. Federal	660	748	812	776	749	764	780	880	696	780
24. Provincial	572	580	516	636	576	596	580	660	708	636
25. Local	64	68	68	72	68	72	76	76	84	77
26. Hospitals	4	4	4	-	3	4	4	4	4	4
27. Canada Pension Plan	28	28	40	52	37	80	80	80	80	80
28. Current transfers from other levels of government	5,180	5,580	5,916	5,888	5,641	6,336	6,680	6,696	6,836	6,637
29. Provinces - From Canada	1,624	2,008	2,036	1,932	1,900	2,324	2,324	2,368	2,424	2,360
30. - From local governments	44	36	36	36	38	36	48	44	52	45
31. Local governments - From Canada	136	56	108	68	92	52	132	84	100	92
32. - From provinces	1,952	2,020	2,240	2,296	2,127	2,264	2,456	2,420	2,476	2,404
33. Hospitals - From provinces	1,408	1,444	1,476	1,536	1,466	1,640	1,700	1,760	1,760	1,715
34. - From local governments	16	16	20	20	18	20	20	20	24	21
35. Total revenue	25,688	26,064	27,040	27,396	26,547	29,316	29,460	30,668	31,908	30,338
36. Federal	10,532	10,628	10,904	10,944	10,752	11,608	11,420	12,108	12,728	11,966
37. Provincial	7,912	8,164	8,488	8,712	8,319	9,484	9,500	10,024	10,512	9,880
38. Local	4,952	4,948	5,240	5,260	5,100	5,548	5,828	5,756	5,544	5,744
39. Hospitals	1,428	1,468	1,504	1,560	1,490	1,664	1,728	1,788	1,792	1,743
40. Canada Pension Plan	648	644	664	688	661	768	744	772	780	766
41. Quebec Pension Plan	216	212	240	232	225	244	240	220	252	239
<u>CURRENT EXPENDITURE</u>										
42. Current expenditure on goods and services(6)	10,452	11,048	11,036	11,200	10,934	11,660	11,744	12,328	12,900	12,158
43. Federal	3,420	3,636	3,668	3,572	3,574	3,676	3,664	3,760	4,068	3,792
44. (Defence)	(1,704)	(1,860)	(1,924)	(1,732)	(1,805)	(1,760)	(1,836)	(1,756)	(1,896)	(1,812)
45. Provincial	2,232	2,348	2,192	2,228	2,250	2,412	2,384	2,664	2,780	2,560
46. Local	3,456	3,660	3,708	3,872	3,674	4,024	4,128	4,316	4,440	4,227
47. Hospitals	1,344	1,404	1,468	1,528	1,436	1,548	1,568	1,588	1,612	1,579
48. Transfer payments to persons	4,388	4,632	4,608	4,932	4,640	4,892	5,288	5,512	5,692	5,346
49. Federal	2,780	3,008	2,968	2,972	2,932	3,072	3,376	3,312	3,348	3,277
50. Provincial	1,520	1,532	1,548	1,864	1,616	1,720	1,804	2,068	2,220	1,953
51. Local	88	92	92	96	92	96	96	116	96	101
52. Canada Pension Plan	-	-	-	-	-	4	8	12	20	11
53. Quebec Pension Plan	-	-	-	-	-	-	4	4	8	4
54. Subsidies	552	660	688	724	656	584	620	684	684	643
55. Federal	432	548	544	572	524	476	492	528	576	518
56. Provincial	120	112	144	152	132	108	128	156	108	125

See footnote(s) at end of table.

TABLE 16. Government Revenue, Expenditure and Surplus or Deficit, by Level of Government, by Quarters
Seasonally Adjusted at Annual Rates - Continued
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
57. Capital Assistance	80	56	60	100	74	84	40	148	72	86
58. Federal	64	56	56	96	68	80	28	128	52	72
59. Provincial	16	-	4	4	6	4	12	20	20	14
60. Current transfers to Non-residents- Federal	268	324	92	180	216	132	156	208	184	170
61. Interest on the public debt	1,852	1,940	1,968	2,136	1,974	2,188	2,244	2,364	2,276	2,268
62. Federal(7)	1,192	1,208	1,256	1,324	1,245	1,308	1,420	1,488	1,420	1,409
63. Provincial	328	336	360	404	357	428	440	456	464	447
64. Local	332	396	352	408	372	452	384	420	392	412
65. Current transfers to other levels of government	5,180	5,580	5,916	5,888	5,641	6,336	6,680	6,696	6,836	6,637
66. Canada - To provinces	1,624	2,008	2,036	1,932	1,900	2,324	2,324	2,368	2,424	2,360
67. - To local governments	136	56	108	68	92	52	132	84	100	92
68. Provinces - To local governments ...	1,952	2,020	2,240	2,296	2,127	2,264	2,456	2,420	2,476	2,404
69. - To hospitals	1,408	1,444	1,476	1,536	1,466	1,640	1,700	1,760	1,760	1,715
70. Local governments - To provinces ...	44	36	36	36	38	36	48	44	52	45
71. - To hospitals ...	16	16	20	20	18	20	20	20	24	21
72. Total current expenditure(8)	22,772	24,240	24,368	25,160	24,135	25,876	26,772	27,940	28,644	27,308
73. Federal	9,916	10,844	10,728	10,716	10,551	11,120	11,592	11,876	12,172	11,690
74. Provincial	7,576	7,792	7,964	8,484	7,954	8,576	8,924	9,544	9,828	9,218
75. Local	3,936	4,200	4,208	4,432	4,194	4,628	4,676	4,916	5,004	4,806
76. Hospitals	1,344	1,404	1,468	1,528	1,436	1,548	1,568	1,588	1,612	1,579
77. Canada Pension Plan	-	-	-	-	-	4	8	12	20	11
78. Quebec Pension Plan	-	-	-	-	-	-	4	4	8	4
79. Saving (Total revenue less total current expenditure)	2,916	1,824	2,672	2,236	2,412	3,440	2,688	2,728	3,264	3,030
80. Federal	616	-216	176	228	201	488	-172	232	556	276
81. Provincial	336	372	524	228	365	908	576	480	684	662
82. Local	1,016	748	1,032	828	906	920	1,152	840	840	938
83. Hospitals	84	64	36	32	54	116	160	200	180	164
84. Canada Pension Plan	648	644	664	688	661	764	736	760	760	755
85. Quebec Pension Plan	216	212	240	232	225	244	236	216	244	235
<u>SURPLUS OR DEFICIT ON A NATIONAL ACCOUNTS BASIS</u>										
Saving as above:										
86. Add: Capital consumption allowances ..	896	912	928	948	921	956	976	1,000	1,020	988
87. Federal	176	176	180	184	179	184	188	192	200	191
88. Provincial	292	296	300	308	299	312	316	320	328	319
89. Local	352	360	368	376	364	380	388	400	404	393
90. Hospitals	76	80	80	80	79	80	84	88	88	85
91. Deduct: Gross capital formation	2,964	3,012	3,016	3,000	2,998	3,008	3,032	3,208	3,028	3,024
92. Federal	448	476	468	468	465	512	480	500	508	500
93. Provincial	1,112	1,076	1,004	992	1,046	1,012	924	948	948	958
94. Local	1,204	1,260	1,348	1,344	1,289	1,272	1,412	1,360	1,352	1,349
95. Hospitals	200	200	196	196	198	212	216	220	220	217
96. Equals: Surplus(+) or deficit(-)	848	-276	584	184	335	1,388	632	700	1,256	994
97. Federal	344	-516	-112	-56	-85	160	-464	-76	248	-33
98. Provincial	-484	-408	-180	-456	-382	208	-32	-148	64	23
99. Local	164	-152	52	-140	-19	28	128	-120	-108	-18
100. Hospitals	-40	-56	-80	-84	-65	-16	28	68	48	32
101. Canada Pension Plan	648	644	664	688	661	764	736	760	760	755
102. Quebec Pension Plan	216	212	240	232	225	244	236	216	244	235

See footnotes(s) at end of table.

TABLE 16. Government Revenue, Expenditure and Surplus or Deficit, by Level of Government, by Quarters
Seasonally Adjusted at Annual Rates - Continued
(millions of dollars)

	1969					1970				
	1	11	111	1V	Year	1	11	111	1V	Year
<u>REVENUE</u>										
1. Direct taxes - Persons	9,120	10,064	10,360	10,644	10,047	10,676	11,580	11,564		
2. Federal(1)	5,820	6,516	6,708	6,960	6,501	6,964	7,356	7,560		
3. Provincial	2,288	2,512	2,624	2,732	2,539	2,692	3,132	2,960		
4. Local	-	-	-	-	-	-	-	-		
5. Canada Pension Plan	736	760	760	696	738	760	804	724		
6. Quebec Pension Plan	276	276	268	256	269	260	288	320		
7. Direct taxes - Corporate and govern- ment business enterprises	3,184	3,096	2,968	3,032	3,070	2,952	2,908	2,908		
8. Federal(2)	2,384	2,312	2,212	2,268	2,294	2,208	2,196	2,196		
9. (Federal tax collections)(2)	(2,788)	(2,988)	(2,744)	(2,556)	(2,769)	(3,020)	(2,640)	(2,268)		
10. Provincial(3)	800	784	756	764	776	744	712	712		
11. (Provincial tax collections)	(944)	(888)	(912)	(864)	(902)	(980)	(840)	(816)		
12. Direct taxes-Non-residents-Federal(4)	212	248	260	208	232	304	244	248		
13. Indirect taxes	11,108	11,212	11,380	11,588	11,322	11,856	11,960	12,024		
14. Federal	3,984	3,944	4,048	4,120	4,024	3,972	3,956	4,164		
15. Provincial	3,704	3,844	3,900	4,036	3,871	4,100	4,216	4,064		
16. Local(5)	3,420	3,424	3,432	3,432	3,427	3,784	3,788	3,796		
17. Other current transfers from persons	768	688	728	992	794	1,004	1,040	1,060		
18. Federal	4	4	4	4	4	4	4	4		
19. Provincial	696	612	652	912	718	932	960	976		
20. Local	68	68	68	72	69	68	72	76		
21. Hospitals	-	4	4	4	3	-	4	4		
22. Investment income	1,992	2,016	2,032	2,140	2,045	2,324	2,360	2,508		
23. Federal	1,064	972	1,028	1,080	1,036	1,132	1,172	1,300		
24. Provincial	748	816	800	788	788	936	896	932		
25. Local	88	84	88	92	88	100	88	96		
26. Hospitals	4	4	4	8	5	4	4	4		
27. Canada Pension Plan	88	140	112	172	128	152	200	176		
28. Current transfers from other levels of government	7,148	8,008	6,932	7,360	7,362	8,640	8,796	8,996		
29. Provinces - From Canada	2,588	2,660	2,656	2,616	2,630	3,036	3,076	3,656		
30. - From local governments	44	48	36	48	44	44	28	20		
31. Local governments - From Canada ...	88	92	112	100	98	48	100	80		
32. - From provinces	2,532	3,244	2,120	2,528	2,606	3,216	3,356	2,988		
33. Hospitals - From provinces	1,876	1,940	1,984	2,044	1,961	2,272	2,212	2,228		
34. - From local governments	20	24	24	24	23	24	24	24		
35. Total revenue	33,532	35,332	34,660	35,964	34,872	37,756	38,888	39,308		
36. Federal	13,468	13,996	14,260	14,640	14,091	14,584	14,928	15,472		
37. Provincial	10,868	11,276	11,424	11,896	11,366	12,484	13,020	13,320		
38. Local	6,196	6,912	5,820	6,224	6,288	7,216	7,404	7,036		
39. Hospitals	1,900	1,972	2,016	2,080	1,992	2,300	2,244	2,260		
40. Canada Pension Plan	824	900	872	868	866	912	1,004	900		
41. Quebec Pension Plan	276	276	268	256	269	260	288	320		
<u>CURRENT EXPENDITURE</u>										
42. Current expenditure on goods and services(6)	13,048	13,388	14,256	14,404	13,774	15,288	15,700	16,020		
43. Federal	4,180	4,140	4,496	4,444	4,315	4,680	4,872	4,348		
44. (Defence)	(1,820)	(1,740)	(1,840)	(1,824)	(1,806)	(1,960)	(1,880)	(1,816)		
45. Provincial	2,544	2,684	2,856	3,148	2,808	3,424	3,412	3,768		
46. Local	4,652	4,832	5,116	4,964	4,891	5,292	5,480	5,924		
47. Hospitals	1,672	1,732	1,788	1,848	1,760	1,892	1,936	1,980		
48. Transfer payments to persons	5,628	6,052	6,216	6,344	6,060	6,508	6,632	7,208		
49. Federal	3,480	3,596	3,700	3,632	3,602	3,832	4,036	4,320		
50. Provincial	2,012	2,304	2,352	2,540	2,302	2,496	2,380	2,668		
51. Local	104	104	104	108	105	100	116	112		
52. Canada Pension Plan	24	36	44	48	38	60	76	80		
53. Quebec Pension Plan	8	12	16	16	13	20	24	28		
54. Subsidies	652	688	688	672	675	684	872	728		
55. Federal	544	576	564	556	560	596	724	564		
56. Provincial	108	112	124	116	115	88	148	164		

See footnote(s) at end of table.

TABLE 16. Government Revenue, Expenditure and Surplus or Deficit, by Level of Government, by Quarters
Seasonally Adjusted at Annual Rates - Concluded
(millions of dollars)

	1969					1970				
	1	11	111	1V	Year	1	11	111	1V	Year
57. Capital Assistance	92	92	112	132	107	148	136	108		
58. Federal	76	84	88	104	88	116	128	84		
59. Provincial	16	8	24	28	19	32	8	24		
60. Current transfers to Non-residents- Federal	140	192	196	200	182	220	168	320		
61. Interest on the public debt	2,476	2,580	2,648	2,780	2,621	2,944	2,980	2,972		
62. Federal(7)	1,460	1,592	1,588	1,716	1,589	1,824	1,864	1,812		
63. Provincial	564	572	620	592	587	624	624	676		
64. Local	452	416	440	472	445	496	492	484		
65. Current transfers to other levels of government	7,148	8,008	6,932	7,360	7,362	8,640	8,796	8,996		
66. Canada - To provinces	2,588	2,660	2,656	2,616	2,630	3,036	3,076	3,656		
67. - To local governments	88	92	112	100	98	48	100	80		
68. Provinces - To local governments ...	2,532	3,244	2,120	2,528	2,606	3,216	3,356	2,988		
69. - To hospitals	1,876	1,940	1,984	2,044	1,961	2,272	2,212	2,228		
70. Local governments - To provinces ...	44	48	36	48	44	44	28	20		
71. - To hospitals ...	20	24	24	24	23	24	24	24		
72. Total current expenditure(8)	29,184	31,000	31,048	31,892	30,781	34,432	35,284	36,352		
73. Federal	12,556	12,932	13,400	13,368	13,064	14,352	14,968	15,184		
74. Provincial	9,652	10,864	10,080	10,996	10,398	12,152	12,140	12,516		
75. Local	5,272	5,424	5,720	5,616	5,508	5,956	6,140	6,564		
76. Hospitals	1,672	1,732	1,788	1,848	1,760	1,892	1,936	1,980		
77. Canada Pension Plan	24	36	44	48	38	60	76	80		
78. Quebec Pension Plan	8	12	16	16	13	20	24	28		
79. Saving (total revenue less total current expenditure)	4,348	4,332	3,612	4,072	4,091	3,324	3,604	2,956		
80. Federal	912	1,064	860	1,272	1,027	232	- 40	288		
81. Provincial	1,216	412	1,344	900	968	332	880	804		
82. Local	924	1,488	100	608	780	1,260	1,264	472		
83. Hospitals	228	240	228	232	232	408	308	280		
84. Canada Pension Plan	800	864	828	820	828	852	928	820		
85. Quebec Pension Plan	268	264	252	240	256	240	264	292		
<u>SURPLUS OR DEFICIT ON A NATIONAL ACCOUNTS BASIS</u>										
Saving as above:										
86. Add: Capital consumption allowances ...	1,044	1,072	1,096	1,120	1,083	1,148	1,176	1,204		
87. Federal	200	208	212	216	209	220	228	232		
88. Provincial	332	340	344	344	340	352	360	364		
89. Local	424	432	444	460	440	476	484	500		
90. Hospitals	88	92	96	100	94	100	104	108		
91. Deduct: Gross capital formation	3,016	3,016	2,988	2,976	2,999	3,136	2,980	2,920		
92. Federal	512	456	436	440	461	504	420	428		
93. Provincial	1,032	892	940	948	953	1,000	788	780		
94. Local	1,248	1,440	1,380	1,360	1,357	1,384	1,500	1,420		
95. Hospitals	224	228	232	228	228	248	272	292		
96. Equals: Surplus(+) or deficit(-)	2,376	2,388	1,720	2,216	2,175	1,336	1,800	1,240		
97. Federal	600	816	636	1,048	775	- 52	- 232	92		
98. Provincial	516	- 140	748	296	355	- 316	452	388		
99. Local	100	480	- 836	- 292	- 137	352	248	- 448		
100. Hospitals	92	104	92	104	98	260	140	96		
101. Canada Pension Plan	800	864	828	820	828	852	928	820		
102. Quebec Pension Plan	268	264	252	240	256	240	264	292		

(1) See footnote 1, Table 6.

(2) See footnote 2, Table 6.

(3) See footnote 3, Table 6.

(4) See footnote 4, Table 6.

(5) The quarterly figures of real property taxes unadjusted and seasonally adjusted are obtained by dividing annual totals by four since real property taxes accrue uniformly throughout the taxation year. Because in recent years, changes in real property tax rates have been generally upward, this treatment gives rise to a fictitious seasonal between the fourth and first quarters in the seasonally adjusted taxes series.

(6) Includes capital consumption allowances as shown in line 86.

(7) See footnote 6, Table 6.

(8) See footnote 6, Table 6.

TABLE 17. Transactions of Residents with Non-residents in the National Income and Expenditure Accounts, by Quarters, 1967-1968
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968*				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Exports of goods and services	14,436	14,912	14,516	14,988	14,713	16,204	16,732	16,664	17,580	16,795
2. Merchandise	11,344	11,452	10,700	11,856	11,338	13,072	13,444	13,336	14,300	13,538
3. Non-merchandise	3,092	3,460	3,816	3,132	3,375	3,132	3,288	3,328	3,280	3,257
4. Deduct: Imports of goods and services	-14,984	-15,472	-15,400	-15,084	-15,235	-16,584	-16,448	-17,012	-17,908	-16,988
5. Merchandise	-10,688	-11,028	-10,880	-10,492	-10,772	-11,868	-11,632	-12,028	-13,120	-12,162
6. Non-merchandise	-4,296	-4,444	-4,520	-4,592	-4,463	-4,716	-4,816	-4,984	-4,788	-4,826
7. Add: Net current transfers abroad	-144	-240	32	-20	-93	24	-8	-60	-68	-28
8. Current transfers abroad (-)(1)	-376	-520	-224	-296	-354	-240	-260	-320	-300	-280
9. Current transfers from abroad(+)(2)	232	280	256	276	261	264	252	260	232	252
10. Equals: Saving(3)	-692	-800	-852	-116	-615	-356	276	-408	-396	-221
Reconciliation with the Canadian Balance of International Payments:										
Saving as above	-692	-800	-852	-116	-615	-356	276	-408	-396	-221
Add: Net inheritances and migrants' funds	120	136	108	100	116	84	128	244	188	161
Equals: Surplus(+) or deficit(-) on current account as per "Canadian Balance of International Payments" (4)	-572	-664	-744	-16	-499	-272	404	-164	-208	-60

See footnote(s) below.

TABLE 17. Transactions of Residents with Non-residents in the National Income and Expenditure Accounts, by Quarters, 1969 and 1970
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1969*					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Exports of goods and services	18,364	18,064	18,188	19,304	18,480	21,120	21,148	20,836		
2. Merchandise	14,872	14,428	14,600	15,644	14,886	17,052	17,064	16,664		
3. Non-merchandise	3,492	3,636	3,588	3,660	3,594	4,068	4,084	4,172		
4. Deduct: Imports of goods and services	-19,068	-19,032	-19,376	-19,908	-19,346	-20,308	-20,092	-20,116		
5. Merchandise	-13,932	-13,692	-13,924	-14,524	-14,018	-14,232	-14,288	-14,028		
6. Non-merchandise	-5,136	-5,340	-5,452	-5,384	-5,328	-6,076	-5,804	-6,088		
7. Add: Net current transfers abroad	-	-8	-24	-84	-29	48	28	-108		
8. Current transfers to abroad(-)(1) ..	-256	-300	-328	-336	-305	-356	-312	-456		
9. Current transfers from abroad(+)(2)	256	292	304	252	276	404	340	348		
10. Equals: Saving(3)	-704	-976	-1,212	-688	-895	860	1,084	612		
Reconciliation with the Canadian Balance of International Payments:										
Saving as above	-704	-976	-1,212	-688	-895	860	1,084	612		
Add: Net inheritances and migrants' funds	144	148	168	232	173	196	152	120		
Equals: Surplus(+) or deficit(-) on current account as per "Canadian Balance of International Payments" (4)	-560	-828	-1,044	-456	-722	1,056	1,236	732		

(1) See footnote 1, Table 7.

(2) See footnote 2, Table 7.

(3) Saving of residents on transactions with non-residents in the national income and expenditure accounts. A negative figure indicates savings made available to the economy by non-residents (see line 8, Table 18).

(4) See footnote(4) Table 7.

* See revision note page 15.

TABLE 18. Sources of Gross Saving, by Quarters, 1967 and 1968
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
Saving										
Persons and unincorporated business										
1. Personal saving	3,260	3,860	3,236	2,828	3,296	2,796	4,000	3,764	3,504	3,516
2. Adjustment on grain transaction(1)	-56	8	-188	-56	-73	-228	-252	-252	-144	-219
Corporate and government business enterprises										
3. Undistributed corporation profits	2,580	2,412	2,388	2,468	2,462	2,368	2,572	2,752	3,012	2,676
4. Undistributed profits of government business enterprises	256	184	152	192	196	164	240	252	364	255
5. Capital assistance	72	52	56	96	69	76	36	140	68	80
6. Inventory valuation adjustment ...	-448	-152	-324	-368	-323	-352	-196	-272	-448	-317
7. Government	2,916	1,824	2,672	2,236	2,412	3,440	2,688	2,728	3,264	3,030
8. Non-residents	692	800	852	116	615	356	-276	408	396	221
9. Capital consumption allowances and miscellaneous valuation adjustments	7,752	7,900	7,848	8,008	7,877	8,168	8,416	8,488	8,572	8,411
10. Residual error of estimate	-292	-144	-200	-240	-219	-196	-584	-624	-800	-551
11. Total	16,732	16,744	16,492	15,280	16,312	16,592	16,644	17,384	17,788	17,102

See footnote(s) below.

TABLE 18. Sources of Gross Saving, by Quarters, 1969 and 1970
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
Saving										
Persons and unincorporated business										
1. Personal saving	3,012	3,220	4,180	3,140	3,388	4,380	3,592	3,792		
2. Adjustment on grain transactions(1)	128	28	-12	60	51	180	180	200		
Corporate and government enterprises										
3. Undistributed corporation profits	3,060	2,992	2,664	2,528	2,811	2,688	2,428	2,600		
4. Undistributed profits of government business enterprises	244	280	320	300	286	280	352	376		
5. Capital assistance	88	88	104	132	103	148	132	104		
6. Inventory valuation adjustment	-536	-616	-460	-584	-549	-380	-188	-140		
7. Government	4,348	4,332	3,612	4,072	4,091	3,324	3,604	2,956		
8. Non-residents	704	976	1,212	688	895	-860	-1,084	-612		
9. Capital consumption allowances and miscellaneous valuation adjustments	8,796	8,872	9,200	9,396	9,066	9,724	9,924	10,120		
10. Residual error of estimate	-956	-1,144	-1,244	-832	-1,044	-1,028	-1,244	-1,424		
11. Total	18,888	19,028	19,576	18,900	19,098	18,456	17,696	17,972		

(1) See footnote 1, Table 8.

TABLE 19. Disposition of Gross Saving, by Quarters, 1967 and 1968
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Total gross fixed capital formation(1)	16,004	15,956	15,624	15,152	15,684	15,744	15,548	15,744	16,200	15,809
2. Residential construction	2,596	2,724	2,976	2,992	2,822	3,032	3,212	3,224	3,600	3,267
3. Non-residential construction	7,212	7,156	7,104	7,056	7,132	7,124	7,144	7,136	7,172	7,144
4. Machinery and equipment	6,196	6,076	5,544	5,104	5,730	5,588	5,192	5,384	5,428	5,398
5. Value of physical change in inventories	440	640	668	- 116	408	656	508	1,016	784	741
6. Residual error of estimate	288	148	200	244	220	192	588	624	804	552
7. Total	16,732	16,744	16,492	15,280	16,312	16,592	16,644	17,384	17,788	17,102

See footnote(s) below.

TABLE 19. Disposition of Gross Saving, by Quarters, 1969 and 1970
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Total gross fixed capital formation(1)	16,756	17,032	16,984	17,272	17,011	17,000	15,868	16,064		
2. Residential construction	3,756	3,992	3,792	3,924	3,866	3,868	3,332	3,320		
3. Non-residential construction	7,304	7,284	7,332	7,444	7,341	7,572	7,116	7,076		
4. Machinery and equipment	5,696	5,756	5,860	5,904	5,804	5,560	5,420	5,668		
5. Value of physical change in inventories	1,180	848	1,348	796	1,043	428	584	484		
6. Residual error of estimate	952	1,148	1,244	832	1,044	1,028	1,244	1,424		
7. Total	18,888	19,028	19,576	18,900	19,098	18,456	17,696	17,972		

(1) See footnote 1, Table 12.

TABLE 20. Gross National Expenditure in Constant (1961) Dollars, by Quarters 1967 and 1968(1, 2)
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	33,564	34,092	34,560	35,020	34,309	35,240	35,368	36,124	36,680	35,853
2. Durable goods	4,652	5,120	4,948	4,972	4,923	4,988	5,156	5,348	5,456	5,237
3. Semi-durable goods	3,560	3,724	3,756	3,728	3,692	3,752	3,764	3,844	3,876	3,809
4. Non-durable goods	13,268	13,448	13,728	13,992	13,609	13,936	13,832	14,108	14,412	14,072
5. Services	12,084	11,800	12,128	12,328	12,085	12,564	12,616	12,824	12,936	12,735
6. Government current expenditure on goods and services	8,092	8,376	8,116	8,316	8,225	8,472	8,404	8,584	8,696	8,539
7. Gross fixed capital formation	13,472	13,480	13,168	12,644	13,191	13,268	12,968	13,088	13,384	13,177
8. Government	2,440	2,444	2,444	2,416	2,436	2,476	2,452	2,448	2,456	2,458
9. Residential construction	8	8	8	12	9	8	8	12	12	10
10. Non-residential construction	2,096	2,100	2,092	2,080	2,092	2,112	2,084	2,092	2,104	2,098
11. Machinery and equipment	336	336	344	324	335	356	360	344	340	350
12. Business	11,032	11,036	10,724	10,228	10,755	10,792	10,516	10,640	10,928	10,719
13. Residential construction	2,080	2,156	2,332	2,304	2,218	2,388	2,492	2,468	2,724	2,518
14. Non-residential construction	3,956	3,860	3,796	3,724	3,834	3,808	3,784	3,768	3,768	3,782
15. Machinery and equipment	4,996	5,020	4,596	4,200	4,703	4,596	4,240	4,404	4,436	4,419
16. Value of physical change in inventories	256	340	584	68	312	356	468	832	788	611
17. Government	8	24	24	32	22	16	12	32	32	23
Business										
18. Non-farm	428	380	516	-96	307	288	436	716	484	481
19. Farm and grain in commercial channels	-180	-64	44	132	-17	52	20	84	272	107
20. Exports of goods and services(3)	12,724	13,140	12,740	13,160	12,941	14,056	14,516	14,436	15,248	14,564
21. (of which: merchandise)	(10,200)	(10,348)	(9,728)	(10,684)	(10,240)	(11,600)	(11,972)	(11,876)	(12,780)	(12,057)
22. Deduct: Imports of goods and services(3)	-13,480	-13,896	-13,796	-13,436	-13,652	-14,676	-14,492	-14,980	-15,668	-14,954
23. (of which: merchandise)	(9,880)	(10,196)	(10,048)	(9,644)	(9,942)	(10,860)	(10,612)	(11,016)	(11,912)	(11,100)
24. Residual error of estimate	252	128	172	212	191	164	488	516	652	455
25. GROSS NATIONAL EXPENDITURE IN CONSTANT (1961) DOLLARS	54,880	55,660	55,544	55,984	55,517	56,880	57,720	58,600	59,780	58,245

(1) See footnote 1, Table 10.

(2) See footnote 2, Table 10.

(3) See revision note page 15.

TABLE 20. Gross National Expenditure in Constant (1961) Dollars, by Quarters, 1969 and 1970(1, 2)
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	37,384	37,552	37,720	38,732	37,847	38,104	38,244	38,888		
2. Durable goods	5,548	5,444	5,544	5,720	5,564	4,992	5,128	5,224		
3. Semi-durable goods	4,044	4,096	3,928	4,076	4,036	4,048	4,008	3,976		
4. Non-durable goods	14,672	14,680	14,816	15,416	14,896	15,604	15,540	15,980		
5. Services	13,120	13,332	13,432	13,520	13,351	13,460	13,568	13,708		
6. Government current expenditure on goods and services	8,768	8,684	9,108	9,008	8,892	9,668	9,732	9,788		
7. Gross fixed capital formation	13,576	13,672	13,492	13,592	13,583	13,280	12,340	12,456		
8. Government	2,392	2,440	2,356	2,320	2,377	2,428	2,312	2,244		
9. Residential construction	4	8	12	8	8	16	16	16		
10. Non-residential construction	2,040	2,096	2,060	2,036	2,058	2,112	1,976	1,944		
11. Machinery and equipment	348	336	284	276	311	300	320	284		
12. Business	11,184	11,232	11,136	11,272	11,206	10,852	10,028	10,212		
13. Residential construction	2,784	2,904	2,772	2,876	2,834	2,796	2,380	2,344		
14. Non-residential construction	3,772	3,692	3,636	3,628	3,682	3,660	3,424	3,388		
15. Machinery and equipment	4,628	4,636	4,728	4,768	4,690	4,396	4,224	4,480		
16. Value of physical change in inventories	1,028	548	1,284	780	910	104	436	180		
17. Government	8	4	8	-8	3	-4	-4	4		
Business										
18. Non-farm	860	200	312	452	456	372	604	676		
19. Farm and grain in commercial channels	160	344	964	336	451	-264	-164	-500		
20. Exports of goods and services(3)	15,732	15,296	15,384	16,244	15,664	17,820	17,760	17,496		
21. (of which: merchandise)	(13,116)	(12,600)	(12,788)	(13,632)	(13,034)	(14,904)	(14,852)	(14,540)		
22. Deduct: Imports of goods and services(3)	16,620	-16,404	-16,452	-16,788	-16,566	-17,016	-16,756	-16,940		
23. (of which: merchandise)	(12,540)	(12,224)	(12,200)	(12,636)	(12,400)	(12,376)	(12,380)	(12,336)		
24. Residual error of estimate	760	900	968	644	818	784	940	1,076		
25. GROSS NATIONAL EXPENDITURE IN CONSTANT (1961) DOLLARS	60,628	60,248	61,504	62,212	61,148	62,744	62,696	62,944		

(1) See footnote 1, Table 10.
(2) See footnote 2, Table 10.
(3) See revision note page 15.

TABLE 21. Implicit Price Indexes, Gross National Expenditure, by Quarters, 1967 and 1968
Using Seasonally Adjusted Data
1961 = 100.0

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	112.0	113.0	114.5	115.1	113.7	116.6	117.6	118.5	119.8	118.1
2. Durable goods	101.7	102.0	103.4	103.8	102.7	104.9	105.0	105.2	105.6	105.2
3. Semi-durable goods	114.4	116.2	117.6	117.4	116.4	118.7	119.7	120.0	121.3	119.9
4. Non-durable goods	110.8	111.5	113.0	113.5	112.2	115.4	116.5	117.2	118.3	116.8
5. Services	116.6	118.5	119.9	120.7	118.9	122.1	123.4	125.1	126.9	124.4
6. Government current expenditure on goods and services	129.2	131.9	136.0	134.7	132.9	137.6	139.7	143.6	148.3	142.4
7. Gross fixed capital formation	118.8	118.4	118.7	119.8	118.9	118.7	119.9	120.3	121.0	120.0
8. Government	121.0	121.9	121.9	122.7	121.9	120.7	122.8	122.1	121.8	121.8
9. Non-residential construction	123.3	124.4	124.3	125.0	124.2	122.7	125.1	124.3	124.0	124.0
10. Machinery and equipment	106.0	106.0	107.0	107.4	106.6	109.0	108.9	108.1	108.2	108.6
11. Business	118.3	117.6	117.9	119.2	118.2	118.2	119.2	119.9	120.9	119.5
12. Residential construction	124.2	125.8	127.1	129.2	126.6	126.6	128.4	130.0	131.6	129.2
13. Non-residential construction	117.0	117.7	118.7	119.7	118.2	119.0	119.9	120.4	121.1	120.1
14. Machinery and equipment	116.9	113.9	112.6	113.2	114.2	113.1	113.2	113.8	114.1	113.6
15. Exports of goods and services	113.5	113.5	113.9	113.9	113.7	115.3	115.3	115.4	115.3	115.3
16. (of which: merchandise)	111.2	110.7	110.0	111.0	110.7	112.7	112.3	112.3	111.9	112.3
17. Deduct: Imports of goods and services	111.2	111.3	111.6	112.3	111.6	113.0	113.5	113.6	114.3	113.6
18. (of which: merchandise)	108.2	108.2	108.3	108.8	108.3	109.3	109.6	109.2	110.1	109.6
19. GROSS NATIONAL EXPENDITURE IN CONSTANT (1961) DOLLARS	117.0	118.1	119.2	119.1	118.4	121.3	121.7	123.2	124.3	122.6

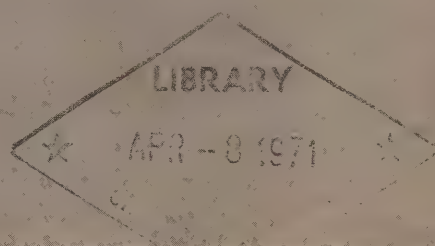
TABLE 21. Implicit Price Indexes, Gross National Expenditure, by Quarters, 1969 and 1970
Using Seasonally Adjusted Data
1961 = 100.0

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	121.1	122.6	123.7	124.4	122.9	126.3	127.1	127.1		
2. Durable goods	105.7	106.5	106.3	107.1	106.4	109.1	109.6	109.3		
3. Semi-durable goods	122.2	123.5	124.4	124.6	123.7	124.9	127.5	125.8		
4. Non-durable goods	118.5	120.2	121.1	121.7	120.4	123.1	123.7	123.0		
5. Services	130.1	131.5	133.5	134.8	132.5	136.8	137.6	138.9		
6. Government current expenditure on goods and services	148.8	154.2	156.5	159.9	154.9	158.1	161.3	163.7		
7. Gross fixed capital formation	123.4	124.6	125.9	127.1	125.2	128.0	128.6	129.0		
8. Government	125.6	123.0	126.3	129.0	125.9	129.5	128.7	129.6		
9. Non-residential construction	128.2	125.0	128.5	131.2	128.2	131.6	131.0	131.9		
10. Machinery and equipment	109.2	109.5	109.9	111.6	110.0	114.7	115.0	114.1		
11. Business	123.0	124.9	125.8	126.7	125.1	127.7	128.6	128.8		
12. Residential construction	134.6	137.1	136.2	136.0	136.0	137.6	139.2	140.8		
13. Non-residential construction	124.3	126.3	128.8	131.5	127.7	130.9	132.2	133.2		
14. Machinery and equipment	114.9	116.2	117.3	117.4	116.5	118.7	119.6	119.3		
15. Exports of goods and services	116.7	118.1	118.2	118.8	118.0	118.5	119.1	119.1		
16. (of which: merchandise)	113.4	114.5	114.2	114.8	114.2	114.4	114.9	114.6		
17. Deduct: Imports of goods and services	114.7	116.0	117.8	118.6	116.8	119.3	119.9	118.7		
18. (of which: merchandise)	111.1	112.0	114.1	114.9	113.0	115.0	115.4	113.7		
19. GROSS NATIONAL EXPENDITURE IN CONSTANT (1961) DOLLARS	126.2	128.6	128.9	130.0	128.4	131.8	132.5	133.7		

SYSTEM OF NATIONAL ACCOUNTS

National Income and Expenditure Accounts

FOURTH QUARTER AND
PRELIMINARY ANNUAL 1970



DOMINION BUREAU OF STATISTICS

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DOMINION BUREAU OF STATISTICS
National Income and Expenditure Division

SYSTEM OF NATIONAL ACCOUNTS

NATIONAL INCOME AND
EXPENDITURE ACCOUNTS

FOURTH QUARTER AND
PRELIMINARY ANNUAL
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THE SYSTEM OF NATIONAL ACCOUNTS

In Canada, the National Accounts have been developed since the close of the Second World War in a series of publications relating to their constituent parts. These have now reached a stage of evolution where they can be termed a "System of National Accounts". For purposes of identification, all publications (containing tables of statistics, descriptions of conceptual frameworks, and descriptions of sources and methods) which make up this System will now carry the term "System of National Accounts" as a general title.

The System of National Accounts in Canada consists of several parts. The annual and quarterly Income and Expenditure Accounts (included with Catalogue Nos. carrying the prefix 13) were, historically speaking, the first set of statistics to be referred to with the title "National Accounts" (National Accounts, Income and Expenditure). The Balance of International Payments data, (Catalogue Nos. with prefix 67), in their more summary form, are also part of the System of National Accounts and they, in fact, pre-date the Income and Expenditure Accounts.

Greatly expanded structural detail on industries and on goods and services is portrayed in the Input-Output Tables of the System (Catalogue Nos. with prefix 15). The Indexes of Real Domestic Product by Industry (included with Catalogue Nos. carrying the prefix 61) provide "constant dollar" measures of the contribution of each industry to gross domestic product at factor cost. Inputs and outputs are related in Productivity Studies (Catalogue Nos. with prefix 14).

Both the Input-Output Tables and Indexes of Real Domestic Product by Industry use the establishment as the primary unit of industrial production. Measures of financial transactions are provided by

the Financial Flow Accounts (Catalogue Nos. with prefix 13). Types of lenders and financial instruments are the primary detail in these statistics, and the legal entity is the main unit of classification of transactors. Also, provision is made in the System for incorporation of balance sheet (wealth) estimates when such data are sufficiently developed.

The System of National Accounts provides an overall conceptually integrated framework in which the various parts can be considered as interrelated sub-systems. At present, direct comparisons amongst those parts which use the establishment as the basic unit and those which use the legal entity can be carried out only at highly aggregated levels of data. However, the Dominion Bureau of Statistics is continuing research on enterprise-company-establishment relationships; it may eventually be feasible to reclassify the data which are on one basis (say the establishment basis) to correspond to the units employed on another (the company or the enterprise basis).

In its broad outline, the Canadian System of National Accounts bears a close relationship to the international standard as described in the United Nations publication, "A System of National Accounts" (Studies in Methods, Series F., No. 2, Rev. 3, Statistical Office, Department of Economic and Social Affairs, United Nations, New York, 1968). In the future, a document on the conceptual framework of the Canadian System of National Accounts will be prepared for publication by the Dominion Bureau of Statistics. This document will furnish the broad theoretical outline of the System. The finer conceptual details, the statistical tables, and the descriptions of sources and methods as they pertain to the individual parts of the System, will appear in the various regular and occasional publications relating to those parts.

TECHNICAL NOTE

The Business Finance Division of the Bureau has released a new publication "Industrial Corporations - Financial Statistics". This publication contains quarterly financial data by industry (excluding Finance) for the period 1962 to 1969.

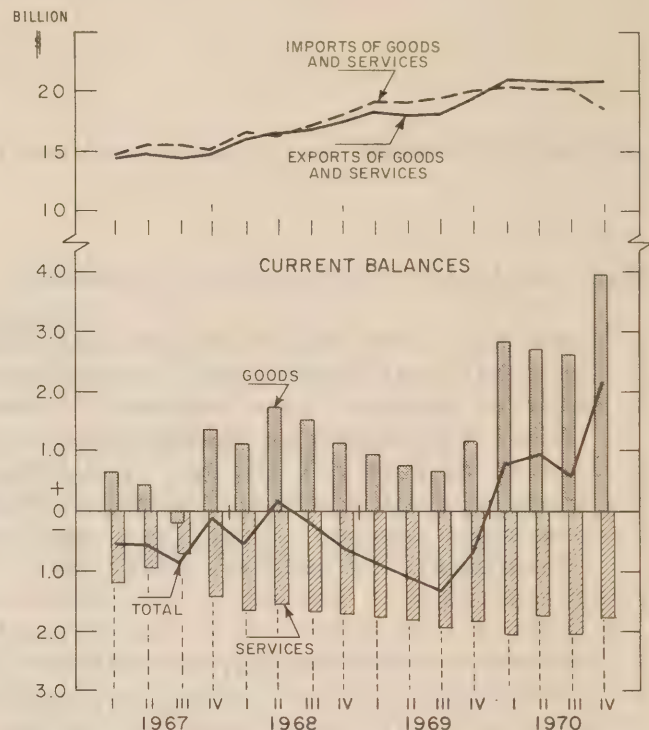
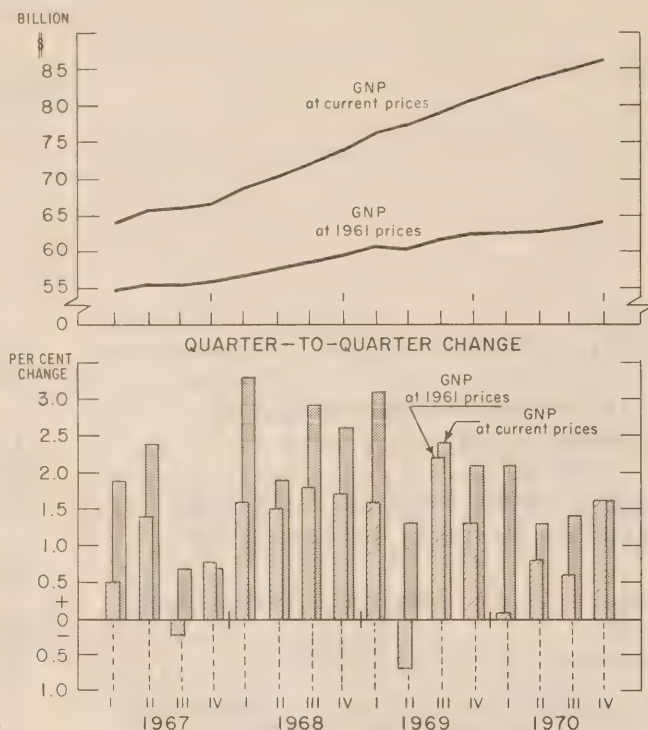
Because of certain conceptual differences and because the National Income and Expenditure Accounts annual figure for corporate profits is basically derived from financial statistics emanating from the administration of the Corporations and Labour Unions Returns Act, a reconciliation between the two series cannot readily be carried out at the present time.

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GNP rose 7.5 per cent at current prices and 3.3 per cent in real terms in 1970. The rates were 10.0 and 5.1 per cent in 1969.

A surge in exports in 1970 together with a moderate rise in imports resulted in record 1970 surpluses on transactions with non-residents.

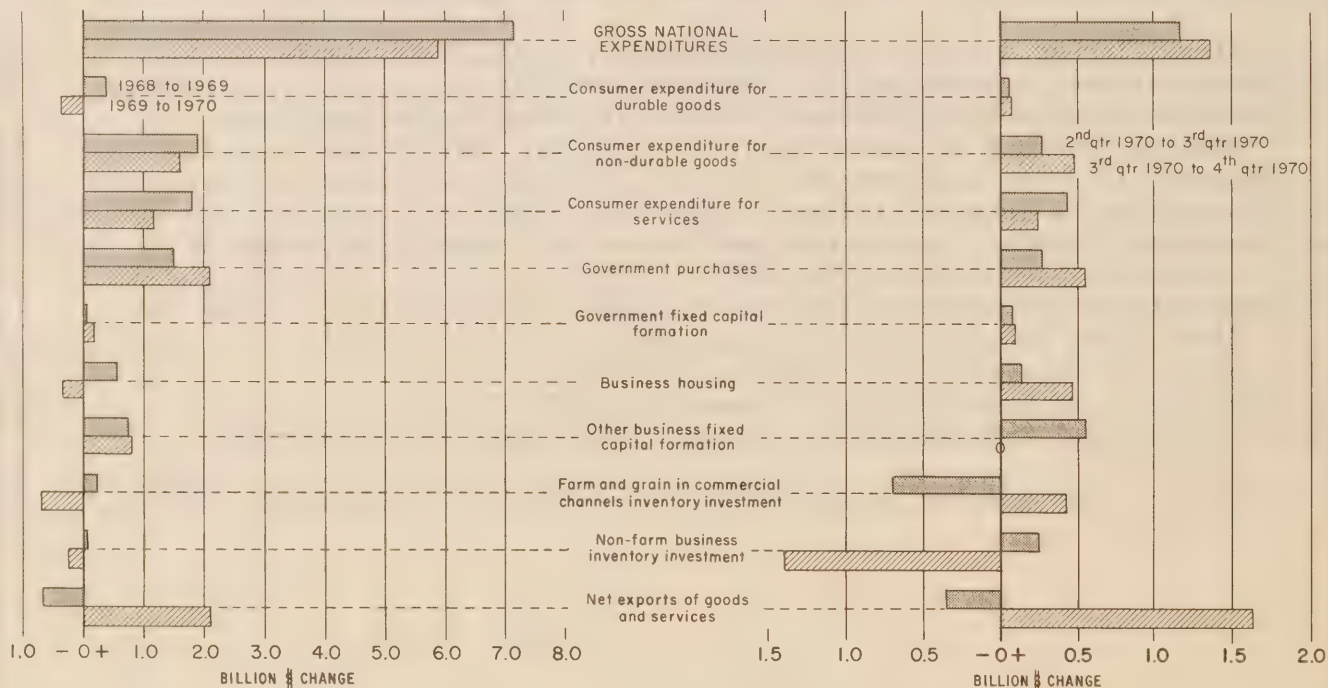


The pace of spending moderated in 1970. Net exports, government purchases, and fixed capital formation (ex housing) accelerated, but other demand categories increased at a slower rate or declined.

GNE increased by \$1.39 billion in the fourth quarter of 1970. The gain in net exports of goods and services was the major factor contributing to the expansion.

ANNUAL CHANGES IN GNE AND COMPONENTS

QUARTERLY CHANGES IN GNE AND COMPONENTS



ALL DATA SEASONALLY ADJUSTED AT ANNUAL RATES.

(This report incorporates revisions to exports and imports of goods and services for 1968-70 (based on data in Quarterly Estimates of the Canadian Balance of International Payments, Third Quarter 1970, DBS Catalogue No. 67-001 and advance information for the Fourth Quarter 1970 given in the DBS Daily Bulletin of February 16, 1971) and to gross fixed capital formation for 1969-70 (based on preliminary direct survey information).)

ANNUAL REVIEW 1970

Preliminary fourth quarter 1970 estimates of the National Income and Expenditure Accounts and revised estimates for the earlier quarters indicate continued expansion in 1970. In real terms, the gain in the final quarter of the year was particularly strong.

The aggregate value of Canada's production of goods and services rose by 7.5 per cent in 1970, to reach a level of \$84.5 billion. This rate of increase is somewhat lower than those witnessed in most recent years, except in 1967 when the economy also experienced some slowing down. The rise in the implicit price deflator for GNP of 4.1 per cent, though smaller than the 4.7 per cent rise in 1969, was still one of the largest annual price increases recorded in recent years. However, most of the annual increase was attributable to the momentum of rising prices at the beginning of the year. In the course of 1970 there was some deceleration. After allowing for rising prices, the physical volume of production rose by 3.3 per cent. This compares with increases of 3.5 per cent in 1967 and of around 5 per cent in 1968 and in 1969.

Fiscal and monetary policies adopted in 1969 apparently played some role in slowing down the growth of incomes and domestic demand in the first half of the year and at the same time contributed to the moderation of price advance. Some easing of these policies appears to have had an effect in the recovery of demand in the latter part of 1970. The quickened pace of activity in the fourth quarter was noteworthy, especially in view of the fact that it occurred despite a major strike in the automobile industry through most of that period. A remarkable development in 1970 which contributed to the continued growth of the economy was the spectacular gain in exports realized in the first quarter and maintained through the remainder of the year.

Prices showed a progressive deceleration as the year wore on. However, despite some indications of moderate productivity gains, there was no comparable evidence of a parallel decrease in cost pressure. The sharp decline in corporation profits reflected these underlying cost-price relationships as well as certain special factors, in particular numerous work stoppages and the effect on some export-oriented industries of the appreciation of the Canadian dollar, which resulted from the freeing of the exchange rate in the month of June. Employment increases were unusually small and insufficient to absorb the rapid rise in the labour force. As a result, the unemployment rate for the year jumped from 4.7 per cent to 5.9 per cent - its highest level since 1962.

Consumer Demand

Consumer spending continued to be an important element in explaining cyclical changes in aggregate demand. Personal expenditure on consumer goods and services rose by 5.3 per cent, compared with increases of between 8 per cent and 10 per cent in the previous few years.

Not unexpectedly, the principal weakness occurred in the purchases of the more expensive durable goods items, where the consumer has the greatest scope for discretionary spending. Outlays on new passenger cars fell by 17 per cent. A steep decline in this component occurred in the first quarter; after recovering ground in the following two quarters, spending fell again in the fourth quarter, when sales were affected by the automobile strike. (Only outlays on automobiles of North American manufacture were diminished; spending on overseas models rose strongly for a second consecutive year.) Among other durable goods, recreation equipment and home appliances also showed declines, while outlays on furniture, fixtures (such items as lamps and curtains) and floor coverings stayed around their 1969 level.

Sluggishness of demand was also evident in the other major categories of consumer spending. The slowdown in semi-durable goods was especially marked in clothing and footwear. In services, the deceleration was largely due to the further extension of the medicare program, which has the effect of shifting most medical expenses from the personal to the government sector. However, services other than medical also showed a deceleration. Outlays on non-durable goods, which were propped up by accelerated rises in electricity and fuel, rose at an only slightly lower rate than in the previous year.

Fixed Capital Outlays

High levels of mortgage interest rates in 1969 and early 1970 had an influence on investment outlays for new housing. New residential construction fell by 8 per cent in the year. Starts of new residential structures fell abruptly in March 1969 and continued to slide down until May 1970. This was reflected, with a usual time lag, in strongly declining outlays in the latter part of 1969 and in the first two quarters of 1970. In response to the easing in mortgage markets since mid-year, and to the injection of federal mortgage funds for direct lending in low rental housing, especially in the fourth quarter, starts climbed sharply from July onward. This rebound in starts showed up in a very sharp 12.7 per cent advance in outlays in the closing quarter.

Business fixed investment excluding housing rose by 8.0 per cent to a level of \$11,172 million. These latest results, which are based on preliminary annual survey information, reveal a much better performance than could have been inferred from a reading of the quarterly estimates published earlier in the year. The indicators normally used in the preliminary estimation of quarterly spending did not capture in 1970 the strength of business spending on plant and equipment. Despite falling profits and sluggish sales in domestic markets, the current results are much closer to the expressed intentions declared at the beginning of the year in the survey of business investment. Spending on non-residential construction was up by 10.1 per cent versus 5.1 per cent last year. Outlays on machinery and equipment rose at a lesser rate than last year - by 6.2 per cent compared with 11.1 per cent.

Inventory Investment

The bulk of the sharp decline in inventory investment was attributable to the farm component, which swung from an accumulation of \$503 million to a decumulation of \$178 million. The farm inventory movement reflected a sharp reduction in the value of the new crop, partly in response to the government "Lower Inventory for Tomorrow" program; it also reflected considerable declines in grain stocks in commercial channels, coinciding with rising grain exports.

Investment in non-farm business inventories also declined somewhat. This was largely due to sharp depletions in the fourth quarter, especially in the stocks of motor vehicle dealers which were drawn down as a result of the automobile strike. For the year as a whole, the stock-to-shipments ratio in manufacturing industries and stock-to-sales ratios in both retail and wholesale trade were higher than in 1969.

Exports and Imports

Strong foreign demand for Canadian goods and services provided by far the greatest stimulus to the economy. The gains were concentrated in the first quarter, when they accounted for practically all of the increase in total demand. Exports were thereafter maintained at only slightly lower levels than in the first quarter, resulting in a gain of 13.5 per cent for the year as a whole compared with 10.5 per cent in 1969. As is illustrated in the following table, increases in merchandise exports were widespread, but particularly notable in metals and in cereals. An unusual feature of this expansion was the altered direction of the flow of export gains. Exports to the United States, Canada's largest customer, increased very moderately, in line with the marked economic slowdown in that country, whereas exports to overseas countries, especially to the European Economic Community, to the United Kingdom and to Japan rose spectacularly. In sharp contrast with exports, imports of goods and services rose by only 2.0 per cent. These developments in the external sector caused a huge swing of \$2.1 billion in the balance on transactions in goods and services with non-residents, from a deficit of \$967 million to a surplus of \$1,136 million - the highest surplus ever recorded in Canada.

Merchandise Trade - January to November
(Trade of Canada Basis) 1/

	Exports			Imports		
	1969	1970	Change 2/	1969	1970	Change 2/
	millions of dollars					
Live animals	50	64	15	17	20	3
Cereals	541	862	321	64	61	-2
Tobacco and beverages	233	219	-14	184	208	24
Other food and feed	509	596	88	691	722	31
Textile materials	67	82	15	490	500	10
Animal and vegetable product materials .	175	215	40	138	145	8
Lumber and wood	824	806	-17	110	87	-23
Pulp, paper, allied	1,819	1,870	51	81	84	3
Chemicals	414	497	83	608	657	49
Fuels and lubricants	701	883	182	681	702	20
Metals and basic products	2,514	3,425	911	1,111	1,125	14
Non-metallic minerals and basic products	386	401	15	211	211	-
Other materials	77	114	37	208	214	6
Farm machinery and tractors	184	163	-21	330	289	-40
Non-farm machinery	398	438	40	1,319	1,366	48
Transportation equipment	3,699	3,781	82	3,741	3,538	-204
Communication equipment	196	224	29	357	348	-9
Other equipment and tools	329	403	74	1,168	1,193	25
Personal and household goods	125	148	23	508	519	11
Miscellaneous end products and special trade	260	279	19	871	903	32
Total	13,500	15,474	1,974	12,888	12,894	6

1/ DBS Catalogue No. 65-002 and 65-005.

2/ Figures may not add because of rounding.

Government Current Expenditure on Goods and Services

Rising government current expenditure on goods and services was another important sustaining force. This year's rise of 15.5 per cent was the highest since 1966. Almost half of the gain occurred at the provincial level of government, up 37 per cent, largely due to increased expenditures under medicare programs. Expenditure of local governments and of hospitals also recorded sizable increases of over 10 per cent. Federal government current expenditure on goods and services rose by 5.1 per cent.

Incomes

On the income side, wages, salaries and supplementary labour income made a substantial gain of 8.9 per cent. Though this increase was smaller than those recorded in recent years (when annual increases generally exceeded 10 per cent), it was nevertheless well ahead of the increase of 7.5 per cent in GNP. Higher average earnings accounted for most of the increase in labour income. With most of the increase in employment absorbed by service-producing industries, there was an accentuation of the tendency towards faster increases in this group than in goods-producing industries.

The deceleration in the rate of increase of wages and salaries in the goods-producing industries was entirely due to slow growth in strike-affected manufacturing, where the rate of increase was about half that of the previous year - 5.6 per cent versus 10.7 per cent. Construction, which also experienced labour disputes, showed an increase similar to that shown in 1969. A sharp acceleration in mining, from 4.4 per cent to 17.5 per cent reflected a rebound in production following strikes in 1969. In the service producing industries, although all groups showed smaller rises in labour income, the deceleration was most evident in public administration.

Preliminary estimates of corporation profits before taxes indicate a decline of 6.2 per cent for the year. This was the first annual decline since 1967, when profits fell by 2.0 per cent. After falling in mid-1969, profits moved somewhat erratically along an apparently flat trend line from the third quarter 1969 until the third quarter 1970, then plunged by 11.7 per cent in the strike-affected fourth quarter. The year's rise of 9.3 per cent in capital consumption allowances cushioned the fall in gross profits (which include these provisions for depreciation); gross profits declined by a moderate 0.9 per cent.

Other income components either fell, or rose at slower rates than in 1969. Accrued net farm income fell by almost 20 per cent, mostly due to the lower crop. (Swings of this magnitude are not uncommon in this series.) Net income of non-farm unincorporated business including rent rose by 3.2 per cent compared with 4.6 per cent in 1969; interest and miscellaneous investment income was up by 13.4 per cent after an unusually large 24 per cent increase in 1969.

Personal disposable income (personal income after tax and other deductions) rose by 6 per cent - a slower pace than in any year since 1961. However, because personal expenditure on goods and services was even more sluggish, the personal saving ratio (personal saving as a proportion of personal disposable income) increased in 1970.

Price Movements

For the year 1970 as a whole, the implicit price index for gross national expenditure rose by 4.1 per cent compared with a 4.7 per cent rise in 1969. While conceptually different, base-weighted price indexes such as the Consumer Price Index, the Industry Selling Price Indexes and the General Wholesale Price Index, also showed price moderation this year. The price indexes for most major categories of final expenditure recorded lower increases than last year. Within 1970, the overall implicit price index decelerated, mainly as a result of the moderation from the second quarter onward of the rise in the implicit price index for personal expenditure on goods and of that for exports.

The implicit price index for exports rose by 3.3 per cent. The increase was concentrated in the first quarter, which showed an unusually strong 2.1 per cent rise. Export prices rose very little in the rest of the year. The effect on export prices of the freeing of the exchange rate in June 1970 is not yet clear. It would appear that for many export commodities where prices are determined in world markets or contractually fixed in United States dollars it caused a lowering of the Canadian prices. The impact of the appreciation of the Canadian dollar on import prices was, as expected, to ease their rate of increase.

The implicit price index for total personal expenditure rose by 3.2 per cent - a deceleration from the increases of about 4.0 per cent recorded in each of the previous two years. All components except durables decelerated. A marked easing in the price of rents explains the slowdown in services, as most other items in the services group continued to rise strongly. The softening in non-durables was due to declining food prices. The decline in these prices, which was one of the more striking developments of the year, was related to depressed markets for certain agricultural products, to lower prices of food imports, and, in the latter part of the year, to intense competition among large retail chain stores. The rise in durable goods prices was centered on the first quarter.

Implicit Price Indexes Percentage Change from the Previous Year

	1962	1963	1964	1965	1966	1967	1968	1969	1970
Personal expenditure on consumer									
goods and services	1.4	1.6	1.3	2.1	3.3	3.4	3.9	4.1	3.2
Durable goods	-0.6	0.4	-0.9	-0.1	0.6	3.3	2.4	1.1	2.9
Semi-durable goods	1.3	2.6	2.0	1.6	3.5	4.4	3.0	3.2	1.7
Non-durable goods	1.3	1.5	1.2	2.1	4.0	1.6	4.1	3.0	2.1
Services	2.2	1.8	2.3	3.0	3.6	4.7	4.6	6.5	4.4
Government current expenditure on									
goods and services	2.6	3.6	3.6	5.9	6.6	6.9	7.1	9.0	5.4
Business gross fixed capital formation									
Residential construction	1.4	2.3	2.9	4.5	4.8	1.2	1.1	4.6	3.0
Non-residential construction	-	2.2	4.6	5.1	6.1	6.2	2.1	5.2	3.3
Machinery and equipment	0.9	2.2	1.2	5.8	6.5	0.5	1.6	6.3	4.2
Exports	3.0	2.2	3.4	2.9	2.5	-0.6	-0.5	2.5	2.5
Imports	3.2	1.3	2.3	1.5	2.9	1.8	1.3	2.2	3.3
Gross national expenditure	4.4	1.7	1.1	0.2	1.7	2.0	2.1	2.7	2.1
	1.4	1.9	2.4	3.5	4.6	3.4	3.5	4.7	4.1

The increase of 3.0 per cent shown by the implicit price index for business gross fixed capital formation was notably lower than that of 4.6 per cent shown in 1969. The deceleration occurred in construction prices. The implicit price index for residential construction rose by 3.3 per cent; that for non-residential construction by 4.2 per cent. This compares with increases in 1969 of 5.2 per cent and 6.3 per cent respectively. The rise in the price of residential construction was entirely due to increased price of the labour component; in non-residential construction both labour and materials contributed to the increase. The price for machinery and equipment rose at the same rate of 2.5 per cent as in 1969.

The Government Sector

Total revenues of all levels of government combined (excluding inter-governmental transfers) rose by just over 9 per cent in 1970 from the 1969 level, the smallest annual increase in several years. All categories, with the exception of corporate direct taxes, increased. Over half of the increase was accounted for by a 14 per cent gain in revenue from personal direct taxes, the larger part of which took place at the federal level. Revenue from indirect taxes rose by over \$650 million with the gain concentrated at the provincial and local government levels, due mainly to higher returns from retail sales, gasoline and property taxes; federal indirect taxes were virtually unchanged. The investment income of governments also rose during the year and was mainly attributed to higher interest receipts.

Total expenditures of all levels of government rose more than revenues, by over 13.5 per cent, with about two-thirds of the increase due to higher outlays on goods and services. A significant part of this increase in goods and services took place at the provincial level, where a major factor was the medicare program, reflecting a full year's operation in some provinces and its introduction during the year in other provinces. Transfer payments to persons rose by \$744 million in 1970. At the federal level the gain was due to higher old age security pensions and unemployment insurance benefits while at the provincial level there were higher transfers to post-secondary educational institutions and to benevolent associations.

With revenues rising less sharply than expenditures, the surplus of the government sector, on a National Accounts basis, declined from \$2,208 million in 1969 to \$1,278 million in 1970. The federal government moved from a surplus of \$773 million in 1969 to a deficit of \$12 million in 1970 while the provincial government also moved to deficit position. Local governments recorded a small surplus in 1970 and the surplus of the Canada and Quebec Pension Plans rose.

FOURTH QUARTER 1970

Preliminary estimates of the National Income and Expenditure Accounts indicate an acceleration in the rate of economic activity in the closing quarter of 1970. The fact that a substantial gain was realized in spite of a major strike in the automobile industry suggests an improvement in the underlying trend of the economy. Gross National Product at market prices, seasonally adjusted at annual rates, rose by 1.6 per cent to reach a level of \$86.4 billion. In each of the previous two quarters, the increases had been at a somewhat smaller rate of 1.4 per cent. As there was practically no change in the overall implicit price index in the quarter, the volume of physical production rose by almost as much - 1.5 per cent. This was the largest gain in real terms since the third quarter of 1969.

Demand

The significant contributions to aggregate demand in the fourth quarter were found in personal expenditure on consumer goods and services, up 1.6 per cent; in government current expenditure on goods and services, up 3.4 per cent (half at the federal level); and in business gross fixed capital formation, up 2.9 per cent.

After declining in the first quarter, consumer expenditure have made increasingly larger gains in the remaining quarters of the year. Because prices markedly slowed their rate of advance from the second quarter onward, the acceleration was particularly evident in volume terms. In the fourth quarter, constant dollar personal expenditure rose by 1.6 per cent. This compares with 1.3 per cent in the third quarter and with an average quarterly rate of real growth of 1.1 per cent in the decade since 1960.

Within consumer expenditure, semi-durable goods made the largest percentage gain, mostly on account of a sharp increase in spending on women's and children's clothing. However, spending on other items also rose in the quarter, and in particular spending on personal accessories and on semi-durable household equipment (items such as pots and pans, dishes and cutlery). Expenditure on most durable goods also rose quite strongly, though a decline in spending on new cars, probably partly reflecting the automobile strike, dampened the rise in that category. Among durable goods items showing substantial increases were recreation equipment, home appliances and auto parts, maintenance and repairs. Spending on the other two major categories of personal expenditure, non-durable goods and services, showed a deceleration in the fourth quarter.

The increase in business gross fixed capital formation was apparently due to an upsurge in residential construction, which rose by 12.7 per cent - the largest percentage gain since the fourth quarter of 1963. This increase reflected the large number of starts initiated during the quarter. Plant and equipment spending remained flat in the quarter, as an increase in non-residential construction was offset by a decline in machinery and equipment.

In contrast to the above mentioned categories of demand, investment in non-farm business inventories declined sharply, from an accumulation of \$760 million in the third quarter to a decumulation of \$652 million in the fourth quarter. The most notable depletion occurred in the stocks of motor vehicle dealers. However, inventory investment other than motor vehicles also fell quite sharply at all major industry levels.

Value of Physical Change in Non-Farm Business Inventories
Seasonally Adjusted at Annual Rates

	1970				4Q minus 3Q
	1Q	2Q	3Q	4Q	
	millions of dollars				
Manufacturing	452	-152	-8	-96	-88
Durable goods	268	-200	-124	20	144
Non-durable goods	184	48	116	-116	-232
Wholesale trade	156	36	160	-224	-384
Retail trade	-96	560	348	-348	-696
"Other" industries	96	92	260	16	-244
Grand Total	608	536	760	-652	-1,412

The final quarter of the year saw the balance on current transactions in goods and services with non-residents rise spectacularly from a surplus of \$580 million to one of \$2,196 million, as a marginal increase in exports was dwarfed by a 7.6 per cent fall in imports. Most of the sharp drop in merchandise imports was in goods from the United States, particularly automotive products. (Exports of automotive products also fell in the quarter.) Lower deficits in the travel and income accounts also contributed to the unprecedentedly large overall surplus.

Incomes

The most notable development on the income side was a severe drop of 11.7 per cent in corporation profits. The drop was substantial even after allowing for the influence of the industrial dispute in the automobile industry. The declining trend in corporation profits which started in the first half of 1969 was sharply accentuated by this further setback which brought profits down to their 1967 level.

In contrast, the gain in labour income of 2.4 per cent represented an acceleration over the gains of 1.7 per cent in the third quarter and of 0.6 per cent in the second quarter. Wages and salaries showed accelerations in both goods-producing and service-producing industries. In the former, the gain was entirely due to increases in average earnings, as employment declined slightly, mainly because of industrial disputes. Within goods-producing industries, construction rose by a strong 6.8

per cent, mostly reflecting recovery from strikes in the third quarter. In the service-producing industries both employment and average earnings contributed to the increase. Sizable gains were recorded in communications, where retroactive payments to post office employees were a factor, in community, business and personal services, and in trade. The gain in the latter of 3.1 per cent marked a notable recovery from the low levels experienced through most of the year.

Among other income components, accrued net income of farm operators rose by 29 per cent, reflecting increased value of grain and livestock production. Net income of non-farm unincorporated business including rent rose by 2.3 per cent. Both personal income and personal disposable income showed appreciably larger gains in the fourth quarter than in previous recent quarters.

Price Movements

A feature of the year was the pronounced easing in the quarterly rates of increase of the implicit deflator for gross national expenditure. This was most evident in the final quarter, when it rose by a negligible 0.1 per cent. However, this easing was partly due to a substantial weight shift between the value of physical change in inventories, which declined steeply in the quarter, and the other components of gross national expenditure. Excluding inventories, the rise in the overall deflator was 0.4 per cent, compared with 0.8 per cent in the previous two quarters. The slowdown in these overall implicit price indexes reflected a slight decline in the implicit price index for personal expenditure, a deceleration in that for government current expenditure, and a stable implicit price index for exports. With the continuing appreciation of the Canadian dollar, import prices ^{1/} fell for a second consecutive quarter. The decline in the deflator for merchandise imports of 1.5 per cent was especially notable. The price index for business gross fixed capital formation was the only major component to show an accelerated rise.

Selected Implicit Price Indexes - Seasonally Adjusted
Percentage Change from the Previous Quarter

	1969				1970			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
1. Personal expenditure on consumer goods and services	1.1	1.3	0.9	0.6	1.6	0.4	0.2	-0.1
Durable goods	—	0.7	-0.1	0.7	2.2	—	—	—
Semi-durable goods	0.7	1.1	0.7	0.2	0.4	0.4	0.3	0.1
Non-durable goods	0.1	1.5	0.7	0.5	1.2	0.4	-0.5	-1.0
Services	2.5	1.1	1.5	1.0	1.4	0.6	1.0	1.0
2. Government current expenditure on goods and services	-0.5	4.6	2.3	1.6	-1.6	3.0	1.9	0.9
3. Business gross fixed capital formation ..	1.8	1.5	0.7	0.6	1.0	0.4	0.4	1.4
Residential construction	2.3	1.8	-0.7	—	1.2	1.2	1.2	1.7
Non-residential construction	2.6	1.8	1.7	2.1	0.6	-0.1	1.0	1.3
Machinery and equipment	0.8	1.0	0.9	0.1	1.2	0.8	-0.3	0.3
4. Exports	1.3	1.2	—	0.6	2.1*	0.4	0.1	—
5. Imports	0.2	1.2	1.5	0.8	0.7	0.5	-0.8	-0.6
6. Gross national expenditure	1.5	2.0	0.3	0.7	2.0	0.6	0.8	0.1
7. Gross national expenditure excluding value of physical change in inventories	1.4	1.7	0.9	0.6	1.4	0.8	0.8	0.4

*In the third quarter 1970 publication the movement from the fourth quarter 1969 to the first quarter 1970 had been erroneously computed as a decrease of 0.3.

^{1/} It may be noted that since imports are a negative entry in gross national expenditure a price decline in this component appears to raise the implicit price index. However, import prices will already have been reflected in the various other categories of gross national expenditure. The implicit price index is accordingly a price measure for domestically produced goods and services.

The decline in the price for personal expenditure on consumer goods and services - the first since the fourth quarter of 1963 - was entirely due to a fall of 1.0 per cent in the non-durable goods component. A second consecutive sharp decline in food prices was responsible for the fall in non-durable prices. (Falling food prices in the quarter were due both to lower prices of imported food items, and to competitive price cutting by large retail chain stores.) The implicit price indexes for durable and semi-durable goods showed little change, while that for services, where increases were widespread, continued to rise at the same rate of 1.0 per cent as in the previous quarter.

The upsurge of 1.4 per cent in the implicit price index for business gross fixed capital formation contrasted sharply with the relatively small increases of less than half a per cent in the previous two quarters. The acceleration was mostly due to higher prices for construction. Increases in the prices for residential and non-residential building resulted from a higher price for labour input, as material prices remained unchanged. In engineering construction, both labour and materials components showed increases.

The Government Sector

Total government revenues of all levels of government combined (excluding inter-governmental transfers) declined by 0.4 per cent during the quarter. Most categories showed decreases, particularly corporate direct taxes and indirect taxes, although these were partially offset by higher revenues from personal direct taxes. Total government expenditures rose by 1.6 per cent with the major gain occurring in outlays on goods and services. Thus, with expenditures rising and revenues declining, the surplus of the government sector, on a National Accounts basis and seasonally adjusted at annual rates, was more than halved, moving from a rate of \$1,256 million in the third quarter to a rate of \$660 million in the fourth quarter.

Much of the change in the government sector surplus took place at the federal and provincial levels of government, which both registered deficits in the quarter. The federal government moved from a surplus of \$276 million in the third quarter to a deficit of \$60 million in the fourth, while at the provincial level, a deficit of \$552 million was recorded, compared to a surplus \$108 million in the third quarter. Offsetting somewhat the movements at the federal and provincial levels, the local government deficit narrowed while the surplus of the Canada and Quebec Pension Plans rose.

TABLES UNADJUSTED FOR SEASONAL VARIATION

TABLE 1. National Income and Gross National Product, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	8,253	8,771	9,190	9,061	35,275	8,926	9,519	9,977	10,071	38,493
2. Military pay and allowances	210	207	223	199	839	213	194	218	235	860
3. Corporation profits before taxes(1)*	1,500	1,803	1,640	1,831	6,774	1,567	1,988	1,799	2,088	7,442
4. Deduct: Dividends paid to non-residents(2)	- 171	- 160	- 198	- 325	- 854	- 188	- 186	- 191	- 262	- 827
5. Interest, and miscellaneous investment income(3)	592	549	560	634	2,335	610	589	654	718	2,571
6. Accrued net income of farm operators from farm production(4)	- 73	38	1,363	- 22	1,306	- 118	- 105	1,636	58	1,471
7. Net income of non-farm unincorporated business including rent(5)	867	970	1,016	1,073	3,926	955	1,060	1,065	1,138	4,218
8. Inventory valuation adjustment(6)	- 131	- 43	- 45	- 104	- 323	- 108	- 53	- 29	- 127	- 317
9. NET NATIONAL INCOME AT FACTOR COST ...	11,047	12,135	13,749	12,347	49,278	11,857	13,006	15,129	13,919	53,911
10. Indirect taxes less subsidies	2,164	2,169	2,185	2,268	8,786	2,340	2,345	2,427	2,565	9,677
11. Capital consumption allowances and miscellaneous valuation adjustments	1,900	1,998	1,964	2,015	7,877	2,003	2,131	2,124	2,153	8,411
12. Residual error of estimate	- 234	- 101	- 56	172	- 219	- 246	- 236	- 137	8	- 611
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	14,877	16,201	17,842	16,802	65,722	15,954	17,246	19,543	18,645	71,388
14. (Gross national product at market prices excluding accrued net income of farm operators)	(14,950)	(16,163)	(16,479)	(16,824)	(64,416)	(16,072)	(17,351)	(17,907)	(18,587)	(69,917)

See footnote(s) below.

TABLE 1. National Income and Gross National Product, by Quarters, 1969 and 1970
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	10,088	10,695	11,215	11,205	43,203	11,177	11,665	12,096	12,105	47,043
2. Military pay and allowances	214	224	222	238	898	229	220	222	235	906
3. Corporation profits before taxes(1)*	1,845	2,203	1,801	2,003	7,852	1,767	2,030	1,800	1,767	7,364
4. Deduct: Dividends paid to non-residents(2)	- 183	- 169	- 170	- 296	- 818	- 249	- 182	- 202	- 273	- 906
5. Interest, and miscellaneous investment income(3)	801	739	793	854	3,187	901	842	937	934	3,614
6. Accrued net income of farm operators from farm production(4)	- 115	10	1,713	87	1,695	- 49	210	1,103	105	1,369
7. Net income of non-farm unincorporated business including rent(5)	1,000	1,108	1,124	1,178	4,410	1,046	1,134	1,146	1,225	4,551
8. Inventory valuation adjustment(6)	- 156	- 156	- 74	- 163	- 549	- 118	- 48	21	- 26	- 171
9. NET NATIONAL INCOME AT FACTOR COST ...	13,494	14,654	16,624	15,106	59,878	14,704	15,871	17,123	16,072	63,770
10. Indirect taxes less subsidies	2,568	2,592	2,676	2,811	10,647	2,755	2,724	2,851	2,921	11,251
11. Capital consumption allowances and miscellaneous valuation adjustments	2,160	2,246	2,300	2,360	9,066	2,376	2,520	2,528	2,474	9,898
12. Residual error of estimate	- 431	- 426	- 288	114	- 1,031	- 439	- 223	- 165	376	- 451
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	17,791	19,066	21,312	20,391	78,560	19,396	20,892	22,337	21,843	84,468
14. (Gross national product at market prices excluding accrued net income of farm operators)	(17,906)	(19,056)	(19,599)	(20,304)	(76,865)	(19,445)	(20,682)	(21,234)	(21,738)	(83,099)

(1) Excludes profits of government business enterprises. *See Technical Note re Corporation and Labour Unions Returns Act, page 4.

(2) Includes the withholding tax applicable to this item.

(3) Includes profits (net of losses) of government business enterprises and other government investment income.

(4) Includes value of physical change in farm inventories as shown in line 14, Table 5. An adjustment has been made to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board.

(5) Includes net income of independent professional practitioners.

(6) See footnote 4, Table 2.

TABLE 2. Gross National Expenditure, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	8,900	9,651	9,480	10,967	38,998	9,716	10,380	10,344	11,920	42,360
2. Government current expenditure on goods and services (1)	2,713	2,669	2,708	2,844	10,934	3,023	2,833	3,023	3,279	12,158
3. Gross fixed capital formation	3,516	4,074	4,209	3,885	15,684	3,440	3,968	4,254	4,147	15,809
4. Government (2)	577	692	916	784	2,969	589	700	917	789	2,995
5. Residential construction	3	3	3	4	13	2	3	4	4	13
6. Non-residential construction	485	613	812	689	2,599	486	617	811	688	2,602
7. Machinery and equipment	89	76	101	91	357	101	80	102	97	380
8. Business (3)	2,939	3,382	3,293	3,101	12,715	2,851	3,268	3,337	3,358	12,814
9. Residential construction	537	643	831	798	2,809	620	773	900	961	3,254
10. Non-residential construction	988	1,103	1,288	1,154	4,533	963	1,100	1,297	1,182	4,542
11. Machinery and equipment	1,414	1,636	1,174	1,149	5,373	1,268	1,395	1,140	1,215	5,018
12. Value of physical change in inventories	-194	-41	1,214	-571	408	-217	-132	1,525	-435	741
13. Government	-22	17	35	-1	29	-21	14	37	-1	29
Business										
14. Non-farm (4)	278	79	115	-105	367	236	39	181	17	473
15. Farm and grain in commercial channels	-450	-137	1,064	-465	12	-432	-185	1,307	-451	239
16. Exports of goods and services	3,175	3,846	3,926	3,766	14,713	3,597	4,310	4,420	4,392	16,719
17. Deduct: Imports of goods and services	-3,467	-4,099	-3,751	-3,918	-15,235	-3,851	-4,349	-4,160	-4,650	-17,010
18. Residual error of estimate	234	101	56	-171	220	246	236	137	-8	611
19. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	14,877	16,201	17,842	16,802	65,722	15,954	17,246	19,543	18,645	71,388

(1) Includes defence expenditures. Data for the years 1967-1968 are shown in line 3, Table 6.

(2) Includes outlay on new durable assets such as building and highway construction by governments, other than government business enterprises. Excludes defence construction and equipment which are defined as current expenditure.

(3) Comprises capital expenditures by private and government business enterprises, private non-commercial institutions and outlays on new residential construction by individuals. Capital expenditure is defined to include all transfer costs on the sales and purchases of existing fixed assets.

(4) The book value of inventories is deflated to remove the effect of price changes and the derived "physical" change is then valued at average prices of the current period to obtain the value of physical change. The difference between this value of physical change and the change in book value is called the inventory valuation adjustment (see line 8, Table 1).

TABLE 3. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. GROSS NATIONAL PRODUCT AT MARKET PRICES	14,877	16,201	17,842	16,802	65,722	15,954	17,246	19,543	18,645	71,388
2. Deduct: Residual error of estimate	234	101	56	-172	219	246	236	137	-8	611
3. Indirect taxes less subsidies	-2,164	-2,169	-2,185	-2,268	-8,786	-2,340	-2,345	-2,427	-2,565	-9,677
4. Income received from non-residents	-114	-95	-107	-148	-464	-128	-140	-141	-181	-590
5. Add: Income paid to non-residents ..	365	409	389	570	1,733	420	459	419	543	1,841
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	13,198	14,447	15,995	14,784	58,424	14,152	15,456	17,531	16,434	63,573

TABLE 2. Gross National Expenditure, by Quarters, 1969 and 1970
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	10,710	11,501	11,339	12,981	46,531	11,367	12,155	12,005	13,468	48,995
2. Government current expenditure on goods and services(1)	3,382	3,226	3,455	3,617	13,680	3,912	3,759	3,910	4,221	15,802
3. Gross fixed capital formation	3,688	4,328	4,652	4,574	17,242	3,860	4,403	4,854	4,844	17,961
4. Government(2)	585	706	935	826	3,052	613	752	998	889	3,252
5. Residential construction	2	3	4	3	12	5	6	6	4	21
6. Non-residential construction	505	628	833	740	2,706	537	675	896	799	2,907
7. Machinery and equipment	78	75	98	83	334	71	71	96	86	324
8. Business(3)	3,103	3,622	3,717	3,748	14,190	3,247	3,651	3,856	3,955	14,709
9. Residential construction	791	945	1,075	1,032	3,843	750	789	941	1,057	3,537
10. Non-residential construction	1,001	1,120	1,353	1,299	4,773	1,088	1,229	1,498	1,438	5,253
11. Machinery and equipment	1,311	1,557	1,289	1,417	5,574	1,409	1,633	1,417	1,460	5,919
12. Value of physical change in inventories	- 117	- 20	1,605	- 425	1,043	- 191	159	935	- 781	122
13. Government	- 24	13	31	- 14	6	- 29	10	31	- 25	- 13
Business										
14. Non-farm(4)	393	2	95	44	534	280	97	198	- 262	313
15. Farm and grain in commercial channels	- 486	- 35	1,479	- 455	503	- 442	52	706	- 494	- 178
16. Exports of goods and services	4,128	4,700	4,741	4,899	18,468	4,724	5,552	5,431	5,262	20,969
17. Deduct: Imports of goods and services	-4,430	- 5,095	- 4,769	- 5,141	-19,435	- 4,714	- 5,360	- 4,963	- 4,796	- 19,833
18. Residual error of estimate	430	426	289	- 114	1,031	438	224	165	- 375	452
19. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	17,791	19,066	21,312	20,391	78,560	19,396	20,892	22,337	21,843	84,468

(1) Includes defence expenditures. Data for 1969 and 1970 are shown in line 3, Table 6.

(2) Includes outlay on new durable assets such as building and highway construction by governments, other than government business enterprises. Excludes defence construction and equipment which are defined as current expenditure.

(3) Comprises capital expenditures by private and government business enterprises, private non-commercial institutions and outlays on new residential construction by individuals. Capital expenditure is defined to include all transfer costs on the sales and purchases of existing fixed assets.

(4) The book value of inventories is deflated to remove the effect of price changes and the derived "physical" change is then valued at average prices of the current period to obtain the value of physical change. The difference between this value of physical change and the change in book value is called the inventory valuation adjustment (see line 8, Table 1).

TABLE 3. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1969 and 1970
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. GROSS NATIONAL PRODUCT AT MARKET PRICES	17,791	19,066	21,312	20,391	78,560	19,396	20,892	22,337	21,843	84,468
2. Deduct: Residual error of estimate ...	431	426	288	- 114	1,031	439	223	165	- 376	451
3. Indirect taxes less subsidies	- 2,568	- 2,592	- 2,676	- 2,811	-10,647	- 2,755	- 2,724	- 2,851	- 2,921	- 11,251
4. Income received from non-residents	- 190	- 214	- 195	- 248	- 847	- 253	- 261	- 264	- 296	- 1,074
5. Add: Income paid to non-residents	452	508	454	622	2,036	580	556	526	658	2,320
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	15,916	17,194	19,183	17,840	70,133	17,407	18,686	19,913	18,908	74,914

TABLE 4. Sources of Personal Income, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	8,253	8,771	9,190	9,061	35,275	8,926	9,519	9,977	10,071	38,493
2. Military pay and allowances	210	207	223	199	839	213	194	218	235	860
3. Net income received by farm operators from farm production(1)	176	- 61	1,310	- 46	1,379	- 20	95	1,596	19	1,690
4. Net income of non-farm unincorporated business including rent	867	970	1,016	1,073	3,926	955	1,060	1,065	1,138	4,218
5. Interest, dividends, and miscellaneous investment income(2)	938	977	982	1,084	3,981	1,034	1,089	1,087	1,168	4,378
<u>Current transfers</u>										
6. From government	1,191	1,144	1,103	1,207	4,645	1,331	1,307	1,319	1,395	5,352
7. Transfer payments to persons	1,189	1,143	1,102	1,206	4,640	1,329	1,306	1,317	1,394	5,346
8. Capital assistance	2	1	1	1	5	2	1	2	1	6
9. From corporations(3)	30	30	29	31	120	32	32	31	32	127
10. From non-residents	10	11	11	11	43	23	24	24	24	95
11. PERSONAL INCOME	11,675	12,049	13,864	12,620	50,208	12,494	13,320	15,317	14,082	55,213

See footnote(s) below.

TABLE 4. Sources of Personal Income, by Quarters, 1969 and 1970
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	10,088	10,695	11,215	11,205	43,203	11,177	11,665	12,096	12,105	47,043
2. Military pay and allowances	214	224	222	238	898	229	220	222	235	906
3. Net income received by farm operators from farm production(1)	- 115	13	1,691	55	1,644	- 82	163	1,045	36	1,162
4. Net income of non-farm unincorporated business including rent	1,000	1,108	1,124	1,178	4,410	1,046	1,134	1,146	1,225	4,551
5. Interest, dividends, and miscellaneous investment income(2)	1,147	1,232	1,234	1,348	4,961	1,282	1,364	1,336	1,418	5,400
<u>Current transfers</u>										
6. From government	1,518	1,492	1,492	1,562	6,064	1,748	1,634	1,695	1,730	6,807
7. Transfer payments to persons	1,517	1,491	1,490	1,562	6,060	1,748	1,633	1,694	1,729	6,804
8. Capital assistance	1	1	2	-	4	-	1	1	1	3
9. From corporations(3)	31	32	32	32	127	32	34	34	34	134
10. From non-residents	22	23	23	23	91	24	24	25	24	97
11. PERSONAL INCOME	13,905	14,819	17,033	15,641	61,398	15,456	16,238	17,599	16,807	66,100

(1) This item differs from line 6, Table 1 by excluding the adjustment which has been made to take account of the accrued net earnings arising out of the operations of the Canadian Wheat Board.

(2) Includes all interest on the public debt paid by government to persons.

(3) Charitable contributions and bad debt allowances.

TABLE 5. Disposition of Personal Income, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	8,900	9,651	9,480	10,967	38,998	9,716	10,380	10,344	11,920	42,360
2. Durable goods	1,087	1,425	1,234	1,312	5,058	1,205	1,470	1,349	1,485	5,509
3. Semi-durable goods	809	1,026	1,024	1,439	4,298	876	1,077	1,069	1,545	4,567
4. Non-durable goods	3,461	3,603	3,762	4,444	15,270	3,792	3,870	3,997	4,784	16,443
5. Services(1)	3,543	3,597	3,460	3,772	14,372	3,843	3,963	3,929	4,106	15,841
<u>Current transfers</u>										
To government										
6. Income taxes	1,214	1,166	1,224	1,300	4,904	1,442	1,415	1,452	1,613	5,922
7. Succession duties and estate taxes	54	51	53	57	215	59	56	62	58	235
8. Employer and employee contributions to social insurance and government pension funds	450	503	509	430	1,892	504	531	537	518	2,090
9. Other	137	97	80	91	405	158	123	115	143	539
10. To corporations(2)	86	88	92	94	360	95	97	101	105	398
11. To non-residents	28	51	32	27	138	28	28	27	28	111
12. Personal saving	806	442	2,394	- 346	3,296	492	690	2,679	- 303	3,558
13. Personal saving excluding change in farm inventories	1,226	575	1,447	197	3,445	924	797	1,339	265	3,325
14. Value of physical change in farm inventories	- 420	- 133	947	- 543	- 149	- 432	- 107	1,340	- 568	233
15. PERSONAL INCOME	11,675	12,049	13,864	12,620	50,208	12,494	13,320	15,317	14,082	55,213
16. (Personal disposable income) (15-6-7-8-9)	(9,820)	(10,232)	(11,998)	(10,742)	(42,792)	(10,331)	(11,195)	(13,151)	(11,750)	(46,427)

See footnote(s) below.

TABLE 5. Disposition of Personal Income, by Quarters, 1969-1970
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	10,710	11,501	11,339	12,981	46,531	11,367	12,155	12,005	13,468	48,995
2. Durable goods	1,345	1,567	1,422	1,586	5,920	1,224	1,512	1,385	1,473	5,594
3. Semi-durable goods	975	1,215	1,139	1,663	4,992	1,006	1,237	1,155	1,721	5,119
4. Non-durable goods	4,110	4,271	4,371	5,179	17,931	4,540	4,651	4,758	5,461	19,410
5. Services(1)	4,280	4,448	4,407	4,553	17,688	4,597	4,755	4,707	4,813	18,872
<u>Current transfers</u>										
To government										
6. Income taxes	1,643	1,914	1,885	2,027	7,469	2,018	2,274	2,166	2,321	8,779
7. Succession duties and estate taxes	59	58	60	60	237	60	64	74	59	257
8. Employer and employee contributions to social insurance and government pension funds	573	627	618	523	2,341	592	644	625	559	2,420
9. Other	235	165	157	237	794	307	245	238	259	1,049
10. To corporations(2)	110	114	117	119	460	119	119	122	124	484
11. To non-residents	35	32	33	32	132	35	37	33	36	141
12. Personal saving	540	408	2,824	- 338	3,434	958	700	2,336	- 19	3,975
13. Personal saving excluding change in farm inventories	1,030	438	1,525	126	3,119	1,381	569	1,610	392	3,952
14. Value of physical change in farm inventories	- 490	- 30	1,299	- 464	315	- 423	131	726	- 411	23
15. PERSONAL INCOME	13,905	14,819	17,033	15,641	61,398	15,456	16,238	17,599	16,807	66,100
16. (Personal disposable income) (15-6-7-8-9)	(11,395)	(12,055)	(14,313)	(12,794)	(50,557)	(12,479)	(13,011)	(14,496)	(13,609)	(53,595)

(1) Includes net expenditure abroad.

(2) This item is the transfer portion of interest on the consumer debt.

TABLE 6. Government Revenue, Expenditure and Surplus or Deficit, by Level of Government, by Quarters
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
<u>REVENUE</u>										
1. Direct taxes - Persons	1,718	1,720	1,786	1,787	7,011	2,005	2,002	2,051	2,189	8,247
2. Federal(1)	1,027	1,075	1,072	1,117	4,291	1,230	1,242	1,240	1,395	5,107
3. Provincial	486	402	480	503	1,871	547	495	563	610	2,215
4. Local	-	-	-	-	-	-	-	-	-	-
5. Canada Pension Plan	152	179	172	121	624	168	193	191	134	686
6. Quebec Pension Plan	53	64	62	46	225	60	72	57	50	239
7. Direct taxes - Corporate and Govern- ment business enterprises	544	643	574	636	2,397	615	729	664	801	2,809
8. Federal(2)	404	479	430	473	1,786	461	546	498	600	2,105
9. (Federal tax collections)(2)	(404)	(572)	(433)	(414)	(1,823)	(411)	(486)	(563)	(431)	(1,891)
10. Provincial(3)	140	164	144	163	611	154	183	166	201	704
11. (Provincial tax collections)	(149)	(161)	(162)	(140)	(612)	(180)	(166)	(187)	(150)	(683)
12. Direct taxes-Non-residents-Federal(4)	41	66	37	74	218	49	60	40	60	209
13. Indirect taxes	2,281	2,316	2,387	2,458	9,442	2,467	2,475	2,628	2,750	10,320
14. Federal	878	940	919	968	3,705	855	905	948	1,053	3,761
15. Provincial	717	689	778	798	2,982	838	795	902	916	3,451
16. Local	686	687	690	692	2,755	774	775	778	781	3,108
17. Other current transfers from persons	137	97	80	91	405	158	123	115	143	539
18. Federal	1	1	-	1	3	1	1	1	1	4
19. Provincial	123	81	63	74	341	142	105	97	125	469
20. Local	13	14	16	15	58	15	16	16	16	63
21. Hospitals	-	1	1	1	3	-	1	1	1	3
22. Investment income	306	362	326	439	1,433	349	384	391	453	1,577
23. Federal	130	197	183	239	749	156	206	202	216	780
24. Provincial	155	137	117	167	576	163	135	153	185	636
25. Local	13	20	15	20	68	15	22	17	23	77
26. Hospitals	1	1	1	-	3	1	1	1	1	4
27. Canada Pension Plan	7	7	10	13	37	14	20	18	28	80
28. Current transfers from other levels of government	1,230	1,506	1,415	1,490	5,641	1,500	1,814	1,610	1,713	6,637
29. Provinces - From Canada	410	517	470	503	1,900	576	613	552	619	2,360
30. - From local governments	12	7	9	10	38	10	10	11	14	45
31. Local governments - From Canada	36	21	25	10	92	15	40	19	18	92
32. - From provinces	398	599	546	584	2,127	463	723	595	623	2,404
33. Hospitals - From provinces	370	358	360	378	1,466	431	423	428	433	1,715
34. - From local governments	4	4	5	5	18	5	5	5	6	21
35. Total revenue	6,257	6,710	6,605	6,975	26,547	7,143	7,587	7,499	8,109	30,338
36. Federal	2,481	2,758	2,641	2,872	10,752	2,752	2,960	2,929	3,325	11,966
37. Provincial	2,043	1,997	2,061	2,218	8,319	2,430	2,336	2,444	2,670	9,880
38. Local	1,146	1,341	1,292	1,321	5,100	1,282	1,576	1,425	1,461	5,744
39. Hospitals	375	364	367	384	1,490	437	430	435	441	1,743
40. Canada Pension Plan	159	186	182	134	661	182	213	209	162	766
41. Quebec Pension Plan	53	64	62	46	225	60	72	57	50	239
<u>CURRENT EXPENDITURE</u>										
42. Current expenditure on goods and services(5)	2,713	2,669	2,708	2,844	10,934	3,023	2,833	3,023	3,279	12,158
43. Federal	933	843	906	892	3,574	1,002	845	930	1,015	3,792
44. (Defence)	(470)	(426)	(471)	(438)	(1,805)	(481)	(419)	(433)	(479)	(1,812)
45. Provincial	618	550	522	560	2,250	668	555	633	704	2,560
46. Local	826	925	913	1,010	3,674	966	1,041	1,063	1,157	4,227
47. Hospitals	336	351	367	382	1,436	387	392	397	403	1,579
48. Transfer payments to persons	1,189	1,143	1,102	1,206	4,640	1,329	1,306	1,317	1,394	5,346
49. Federal	770	777	685	700	2,932	856	878	757	786	3,277
50. Provincial	397	343	394	482	1,616	449	401	526	577	1,953
51. Local	22	23	23	24	92	23	24	30	24	101
52. Canada Pension Plan	-	-	-	-	-	1	2	3	5	11
53. Quebec Pension Plan	-	-	-	-	-	-	1	1	2	4
54. Subsidies	117	147	202	190	656	127	130	201	185	643
55. Federal	91	134	146	153	524	104	114	141	159	518
56. Provincial	26	13	56	37	132	23	16	60	26	125

See footnote(s) at end of table.

TABLE 6. Government Revenue, Expenditure and Surplus or Deficit, by Level of Government, by Quarters - Continued
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
57. Capital assistance	18	16	13	27	74	21	13	32	20	86
58. Federal	14	16	12	26	68	20	10	27	15	72
59. Provincial	4	-	1	1	6	1	3	5	5	14
60. Current transfers to Non-residents- Federal	61	88	30	37	216	24	48	59	39	170
61. Interest on the public debt	428	528	462	556	1,974	505	609	559	595	2,268
62. Federal(6)	283	314	320	328	1,245	308	370	378	353	1,409
63. Provincial	89	85	73	110	357	117	111	93	126	447
64. Local	56	129	69	118	372	80	128	88	116	412
65. Current transfers to other levels of government	1,230	1,506	1,415	1,490	5,641	1,500	1,814	1,610	1,713	6,637
66. Canada - To provinces	410	517	470	503	1,900	576	613	552	619	2,360
67. - To local governments	36	21	25	10	92	15	40	19	18	92
68. Provinces - To local governments ...	398	599	546	584	2,127	463	723	595	623	2,404
69. - To hospitals	370	358	360	378	1,466	431	423	428	433	1,715
70. Local governments - To provinces ...	12	7	9	10	38	10	10	11	14	45
71. - To hospitals ...	4	4	5	5	18	5	5	5	6	21
72. Total current expenditure(7)	5,756	6,097	5,932	6,350	24,135	6,529	6,753	6,801	7,225	27,308
73. Federal	2,598	2,710	2,594	2,649	10,551	2,905	2,918	2,863	3,004	11,690
74. Provincial	1,902	1,948	1,952	2,152	7,954	2,152	2,232	2,340	2,494	9,218
75. Local	920	1,088	1,019	1,167	4,194	1,084	1,208	1,197	1,317	4,806
76. Hospitals	336	351	367	382	1,436	387	392	397	403	1,579
77. Canada Pension Plan	-	-	-	-	-	1	2	3	5	11
78. Quebec Pension Plan	-	-	-	-	-	-	1	1	2	4
79. Saving (Total revenue less total current expenditure)	501	613	673	625	2,412	614	834	698	884	3,030
80. Federal	- 117	48	47	223	201	- 153	42	66	321	276
81. Provincial	141	49	109	66	365	278	104	104	176	662
82. Local	226	253	273	154	906	198	368	228	144	938
83. Hospitals	39	13	-	2	54	50	38	38	38	164
84. Canada Pension Plan	159	186	182	134	661	181	211	206	157	755
85. Quebec Pension Plan	53	64	62	46	225	60	71	56	48	235
<u>SURPLUS OR DEFICIT ON A NATIONAL ACCOUNTS BASIS</u>										
Saving as above:										
86. Add: Capital consumption allowances	224	228	232	237	921	239	244	250	255	988
87. Federal	44	44	45	46	179	46	47	48	50	191
88. Provincial	73	74	75	77	299	78	79	80	82	319
89. Local	88	90	92	94	364	95	97	100	101	393
90. Hospitals	19	20	20	20	79	20	21	22	22	85
91. Deduct: Gross capital formation	555	709	951	783	2,998	568	714	954	788	3,024
92. Federal	82	107	156	120	465	102	104	163	131	500
93. Provincial	233	226	298	289	1,046	216	188	277	277	958
94. Local	194	328	444	323	1,289	202	369	455	323	1,349
95. Hospitals	46	48	53	51	198	48	53	59	57	217
96. Equals: Surplus (+) or Deficit (-) ..	170	132	- 46	79	335	285	364	- 6	351	994
97. Federal	- 155	- 15	- 64	149	- 85	- 209	- 15	- 49	240	- 33
98. Provincial	- 19	- 103	- 114	- 146	- 382	140	- 5	- 93	- 19	23
99. Local	120	15	- 79	- 75	- 19	91	96	- 127	- 78	- 18
100. Hospitals	12	- 15	- 33	- 29	- 65	22	6	1	3	32
101. Canada Pension Plan	159	186	182	134	661	181	211	206	157	755
102. Quebec Pension Plan	53	64	62	46	225	60	71	56	48	235

See footnote(s) at end of table.

TABLE 6. Government Revenue, Expenditure and Surplus or Deficit, by Level of Government, by Quarters - Continued
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
<u>REVENUE</u>										
1. Direct taxes - Persons	2,275	2,599	2,563	2,610	10,047	2,670	2,982	2,865	2,939	11,456
2. Federal(1)	1,446	1,684	1,636	1,735	6,501	1,735	1,899	1,843	1,921	7,385
3. Provincial	580	614	650	695	2,539	682	766	739	816	3,003
4. Local	-	-	-	-	-	-	-	-	-	-
5. Canada Pension Plan	180	219	208	131	738	188	232	200	153	773
6. Quebec Pension Plan	69	82	69	49	269	65	85	83	49	282
7. Direct taxes - Corporate and govern- ment business enterprises	754	841	686	789	3,070	705	786	677	686	2,854
8. Federal(2)	564	628	512	590	2,294	527	594	509	512	2,142
9. (Federal tax collections)(2)	(633)	(941)	(636)	(559)	(2,769)	(689)	(839)	(529)	(490)	(2,547)
10. Provincial(3)	190	213	174	199	776	178	192	168	174	712
11. (Provincial tax collections)	(242)	(240)	(237)	(183)	(902)	(247)	(225)	(229)	(159)	(860)
12. Direct taxes-Non-residents-Federal(4)	46	73	48	65	232	66	70	45	86	267
13. Indirect taxes	2,711	2,737	2,881	2,993	11,322	2,903	2,911	3,068	3,093	11,975
14. Federal	929	983	1,011	1,101	4,024	929	987	1,040	1,077	4,033
15. Provincial	928	898	1,012	1,033	3,871	1,029	977	1,079	1,065	4,150
16. Local	854	856	858	859	3,427	945	947	949	951	3,792
17. Other current transfers from persons	235	165	157	237	794	307	245	238	259	1,049
18. Federal	1	1	1	1	4	1	1	1	-	3
19. Provincial	217	146	138	217	718	289	225	217	239	970
20. Local	17	17	17	18	69	17	18	19	19	73
21. Hospitals	-	1	1	1	3	-	1	1	1	3
22. Investment income	477	506	471	591	2,045	565	588	607	694	2,454
23. Federal	229	254	238	315	1,036	245	304	305	357	1,211
24. Provincial	206	192	184	206	788	259	208	235	249	951
25. Local	19	24	20	25	88	22	25	22	25	94
26. Hospitals	1	1	1	2	5	1	1	1	2	5
27. Canada Pension Plan	22	35	28	43	128	38	50	44	61	193
28. Current transfers from other levels of government	1,704	2,179	1,644	1,835	7,362	2,022	2,401	2,165	2,322	8,910
29. Provinces - From Canada	671	678	615	666	2,630	760	803	875	877	3,315
30. - From local governments	12	11	8	13	44	12	6	11	16	45
31. Local governments - From Canada	25	26	29	18	98	15	28	21	18	82
32. - From provinces	498	974	503	631	2,606	632	1,006	690	836	3,164
33. Hospitals - From provinces	493	484	483	501	1,961	597	552	562	569	2,280
34. - From local governments	5	6	6	6	23	6	6	6	6	24
35. Total revenue	8,202	9,100	8,450	9,120	34,872	9,238	9,983	9,665	10,079	38,965
36. Federal	3,215	3,623	3,446	3,807	14,091	3,503	3,855	3,743	3,953	15,054
37. Provincial	2,804	2,752	2,781	3,029	11,366	3,209	3,177	3,324	3,436	13,146
38. Local	1,413	1,897	1,427	1,551	6,288	1,631	2,024	1,701	1,849	7,205
39. Hospitals	499	492	491	510	1,992	604	560	570	578	2,312
40. Canada Pension Plan	202	254	236	174	866	226	282	244	214	966
41. Quebec Pension Plan	69	82	69	49	269	65	85	83	49	282
<u>CURRENT EXPENDITURE</u>										
42. Current expenditure on goods and services(5)	3,382	3,226	3,455	3,617	13,680	3,912	3,759	3,910	4,221	15,802
43. Federal	1,166	957	1,078	1,092	4,293	1,271	1,123	1,017	1,100	4,511
44. (Defence)	(493)	(396)	(454)	(463)	(1,806)	(530)	(430)	(449)	(459)	(1,868)
45. Provincial	687	611	656	782	2,736	924	779	970	1,074	3,747
46. Local	1,111	1,225	1,274	1,281	4,891	1,244	1,373	1,428	1,541	5,586
47. Hospitals	418	433	447	462	1,760	473	484	495	506	1,958
48. Transfer payments to persons	1,517	1,491	1,490	1,562	6,060	1,748	1,633	1,694	1,729	6,804
49. Federal	966	940	847	849	3,602	1,066	1,053	956	978	4,053
50. Provincial	518	513	601	670	2,302	637	526	682	688	2,533
51. Local	25	26	27	27	105	25	29	29	31	114
52. Canada Pension Plan	6	9	11	12	38	15	19	20	24	78
53. Quebec Pension Plan	2	3	4	4	13	5	6	7	8	26
54. Subsidies	143	145	205	182	675	148	187	217	172	724
55. Federal	120	134	151	155	560	131	168	151	143	593
56. Provincial	23	11	54	27	115	17	19	66	29	131

See footnote(s) at end of table.

TABLE 6. Government Revenue, Expenditure and Surplus or Deficit, by Level of Government, by Quarters - Continued
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
57. Capital Assistance	20	28	23	36	107	33	41	22	28	124
58. Federal	16	26	17	29	88	25	39	16	20	100
59. Provincial	4	2	6	7	19	8	2	6	8	24
60. Current transfers to Non-residents - Federal	26	59	55	44	184	42	53	89	60	244
61. Interest on the public debt	577	700	624	720	2,621	688	808	720	814	3,030
62. Federal(6)	341	416	404	428	1,589	427	487	463	484	1,861
63. Provincial	155	145	127	160	587	172	157	161	189	679
64. Local	81	139	93	132	445	89	164	96	141	490
65. Current transfers to other levels of government	1,704	2,179	1,644	1,835	7,362	2,022	2,401	2,165	2,322	8,910
66. Canada - To provinces	671	678	615	666	2,630	760	803	875	877	3,315
67. - To local governments	25	26	29	18	98	15	28	21	18	82
68. Provinces - To local governments ..	498	974	503	631	2,606	632	1,006	690	836	3,164
69. - To hospitals	493	484	483	501	1,961	597	552	562	569	2,280
70. Local governments - To provinces ...	12	11	8	13	44	12	6	11	16	45
71. - To hospitals ...	5	6	6	6	23	6	6	6	6	24
72. Total current expenditure(7)	7,369	7,828	7,496	7,996	30,689	8,593	8,882	8,817	9,346	35,638
73. Federal	3,331	3,236	3,196	3,281	13,044	3,737	3,754	3,588	3,680	14,759
74. Provincial	2,378	2,740	2,430	2,778	10,326	2,987	3,041	3,137	3,393	12,558
75. Local	1,234	1,407	1,408	1,459	5,508	1,376	1,578	1,570	1,735	6,259
76. Hospitals	418	433	447	462	1,760	473	484	495	506	1,958
77. Canada Pension Plan	6	9	11	12	38	15	19	20	24	78
78. Quebec Pension Plan	2	3	4	4	13	5	6	7	8	26
79. Saving (Total revenue less total current expenditure)	833	1,272	954	1,124	4,183	645	1,101	848	733	3,327
80. Federal	-116	387	250	526	1,047	-234	101	155	273	295
81. Provincial	426	12	351	251	1,040	222	136	187	43	588
82. Local	179	490	19	92	780	255	446	131	114	946
83. Hospitals	81	59	44	48	232	131	76	75	72	354
84. Canada Pension Plan	196	245	225	162	828	211	263	224	190	888
85. Quebec Pension Plan	67	79	65	45	256	60	79	76	41	256
<u>SURPLUS OR DEFICIT ON A NATIONAL ACCOUNTS BASIS</u>										
Saving as above:										
86. Add: Capital consumption allowances	261	268	274	280	1,083	287	294	301	308	1,190
87. Federal	50	52	53	54	209	55	57	58	60	230
88. Provincial	83	85	86	86	340	88	90	91	92	361
89. Local	106	108	111	115	440	119	121	125	129	494
90. Hospitals	22	23	24	25	94	25	26	27	27	105
91. Deduct: Gross capital formation	561	719	966	812	3,058	584	762	1,029	864	3,239
92. Federal	85	101	168	129	483	92	115	194	136	537
93. Provincial	234	193	290	308	1,025	233	212	309	308	1,062
94. Local	192	372	455	318	1,337	207	380	470	363	1,420
95. Hospitals	50	53	53	57	213	52	55	56	57	220
96. Equals: Surplus(+) or deficit(-)	533	821	262	592	2,208	348	633	120	177	1,278
97. Federal	-151	338	135	451	773	-271	43	19	197	-12
98. Provincial	275	-96	147	29	355	77	14	-31	-173	-113
99. Local	93	226	-325	-111	-117	167	187	-214	-120	20
100. Hospitals	53	29	15	16	113	104	47	46	42	239
101. Canada Pension Plan	196	245	225	162	828	211	263	224	190	888
102. Quebec Pension Plan	67	79	65	45	256	60	79	76	41	256

- (1) Includes the newly imposed taxes on life insurance companies. At the present time, for national accounts purposes, life insurance companies are treated as associations of individuals in so far as their investment activities are concerned. The new taxes are thus included here pending a complete review of the treatment of insurance.
- (2) Excludes the refundable tax on corporate cash profits introduced May 1966. Refunding of the tax began in the third quarter of 1968. The amounts are as follows:
- | 1966 | | | | | 1967 | | | | | 1968 | | | | | 1969 | | | | | 1970 | | | | |
|------|----|-----|-----|------|------|----|-----|-----|------|------|------|-----|------|------|------|----|-----|-------|------|------|----|-----|------|------|
| I | II | III | IV | Year | I | II | III | IV | Year | I | II | III | IV | Year | I | II | III | IV | Year | I | II | III | IV | Year |
| - 19 | 57 | 56 | 132 | 64 | 27 | 10 | 8 | 109 | - 5 | 9 | - 52 | 35 | - 83 | - 16 | 34 | 23 | 36 | - 109 | - 10 | 35 | 1 | 0 | - 44 | |
- (3) For the years 1950-1956 the data refer to provincial income tax collections; from 1957 on they refer to tax liabilities.
- (4) Withholding taxes.
- (5) Includes capital consumption allowances as shown in line 86.
- (6) From 1951, interest on the federal public debt is on an accrual basis; prior to 1951 it is on a "due" date basis.
- (7) See footnote 5.

TABLE 7. Transactions of Residents with Non-residents in the National Income and Expenditure Accounts, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Exports of goods and services	3,175	3,846	3,926	3,766	14,713	3,597	4,310	4,420	4,392	16,719
2. Merchandise	2,596	3,003	2,691	3,048	11,338	3,017	3,532	3,321	3,667	13,537
3. Non-merchandise	579	843	1,235	718	3,375	580	778	1,099	725	3,182
4. Deduct: Imports of goods and services	-3,467	-4,099	-3,751	-3,918	-15,235	-3,851	-4,349	-4,160	-4,650	-17,010
5. Merchandise	-2,481	-2,975	-2,591	-2,725	-10,772	-2,754	-3,140	-2,859	-3,409	-12,162
6. Non-merchandise	-986	-1,124	-1,160	-1,193	-4,463	-1,097	-1,209	-1,301	-1,241	-4,848
7. Add: Net current transfers abroad	-38	-62	-14	21	-93	20	8	-22	17	23
8. Current transfers to abroad(-)(1) ..	-89	-139	-62	-64	-354	-52	-76	-86	-67	-281
9. Current transfers from abroad(+)(2)	51	77	48	85	261	72	84	64	84	304
10. Equals: Saving(3)	-330	-315	161	-131	-615	-234	-31	238	-241	-268
Reconciliation with the "Canadian Balance of International Payments":										
Saving as above	-330	-315	161	-131	-615	-234	-31	238	-241	-268
Add: Net inheritances and migrants' funds	17	46	39	14	116	7	46	75	33	161
Equals: Surplus(+) or deficit(-) on current account as per "Canadian Balance of International Payments"(4)	-313	-269	200	-117	-499	-227	15	313	-208	-107

See footnote(s) below.

TABLE 7. Transactions of Residents with Non-residents in the National Income and Expenditure Accounts, by Quarters, 1969 and 1970
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Exports of goods and services	4,128	4,700	4,741	4,899	18,468	4,724	5,552	5,431	5,262	20,969
2. Merchandise	3,467	3,809	3,545	4,053	14,874	3,950	4,540	4,056	4,332	16,878
3. Non-merchandise	661	891	1,196	846	3,594	774	1,012	1,375	930	4,091
4. Deduct: Imports of goods and services	-4,430	-5,095	-4,769	-5,141	-19,435	-4,714	-5,360	-4,963	-4,796	-19,833
5. Merchandise	-3,226	-3,706	-3,303	-3,752	-13,987	-3,305	-3,875	-3,317	-3,337	-13,834
6. Non-merchandise	-1,204	-1,389	-1,466	-1,389	-5,448	-1,409	-1,485	-1,646	-1,459	-5,999
7. Add: Net current transfers abroad	7	5	-17	12	7	13	4	-52	14	-21
8. Current transfers to abroad(-)(1) ..	-61	-91	-88	-76	-316	-77	-90	-122	-96	-385
9. Current transfers from abroad(+)(2)	68	96	71	88	323	90	94	70	110	364
10. Equals: Saving(3)	-295	-390	-45	-230	-960	23	196	416	480	1,115
Reconciliation with the "Canadian Balance of International Payments":										
Saving as above	-295	-390	-45	-230	960	23	196	416	480	1,115
Add: Net inheritances and migrants' funds	22	56	51	40	169	30	52	60	22	164
Equals: Surplus(+) or deficit(-) on current account as per "Canadian Balance of International Payments"(4)	-273	-334	6	-190	-791	53	248	476	502	1,279

(1) Includes personal remittances, government official contributions and government pension payments.

(2) Includes withholding taxes and personal remittances from abroad.

(3) Saving of residents on transactions with non-residents in the national income and expenditure accounts. A negative figure indicates savings made available to the economy by non-residents (see line 8, Table 8).

(4) See "Quarterly Estimates of the Canadian Balance of International Payments", DBS 67-001.

TABLE 8. Sources of Gross Saving, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
Saving										
Persons and unincorporated business										
1. Personal saving	806	442	2,394	-346	3,296	492	690	2,679	-303	3,558
2. Adjustment on grain transactions(1)	-249	99	53	24	-73	-98	-200	40	39	-219
Corporate and government business enterprises										
3. Undistributed corporation profits	530	753	608	571	2,462	491	808	686	721	2,706
4. Undistributed profits of government business enterprises	87	43	37	29	196	68	55	63	69	255
5. Capital assistance	16	15	12	26	69	19	12	30	19	80
6. Inventory valuation adjustment ...	-131	-43	-45	-104	-323	-108	-53	-29	-127	-317
7. Government	501	613	673	625	2,412	614	834	698	884	3,030
8. Non-residents	330	315	-161	131	615	234	31	-238	241	268
9. Capital consumption allowances and miscellaneous valuation adjustments	1,900	1,998	1,964	2,015	7,877	2,003	2,131	2,124	2,153	8,411
10. Residual error of estimate	-234	-101	-56	172	-219	-246	-236	-137	8	-611
11. Total	3,556	4,134	5,479	3,143	16,312	3,469	4,072	5,916	3,704	17,161

See footnote below.

TABLE 8. Sources of Gross Saving, by Quarters, 1969 and 1970
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
Saving										
Persons and unincorporated business										
1. Personal saving	540	408	2,824	-338	3,434	958	700	2,336	-19	3,975
2. Adjustment on grain transactions(1)	-	-3	22	32	51	33	47	58	69	207
Corporate and government business enterprises										
3. Undistributed corporation profits	646	913	663	591	2,813	537	764	637	496	2,434
4. Undistributed profits of government business enterprises	95	63	79	49	286	105	81	86	38	310
5. Capital assistance	19	27	21	36	103	33	40	21	27	121
6. Inventory valuation adjustment ...	-156	-156	-74	-163	-549	-118	-48	21	-26	-171
7. Government	833	1,272	954	1,124	4,183	645	1,101	848	733	3,327
8. Non-residents	295	390	45	230	960	-23	-196	-416	-480	-1,115
9. Capital consumption allowances and miscellaneous valuation adjustments	2,160	2,246	2,300	2,360	9,066	2,376	2,520	2,528	2,474	9,898
10. Residual error of estimate	-431	-426	-288	114	-1,031	-439	-223	-165	376	-451
11. Total	4,001	4,734	6,546	4,035	19,316	4,107	4,786	5,954	3,688	18,535

(1) This item is the adjustment to take account of the accrued earnings of farm operators arising out of the operations of the Canadian Wheat Board. See also footnote 1, Table 4.

TABLE 9. Disposition of Gross Saving, by Quarters, 1967 and 1968
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Total gross fixed capital formation(1)	3,516	4,074	4,209	3,885	15,684	3,440	3,968	4,254	4,147	15,809
2. Residential construction	540	646	834	802	2,822	622	776	904	965	3,267
3. Non-residential construction	1,473	1,716	2,100	1,843	7,132	1,449	1,717	2,108	1,870	7,144
4. Machinery and equipment	1,503	1,712	1,275	1,240	5,730	1,369	1,475	1,242	1,312	5,398
5. Value of physical change in inventories	-194	-41	1,214	-571	408	-217	-132	1,525	-435	741
6. Residual error of estimate	234	101	56	-171	220	246	236	137	- 8	611
7. Total	3,556	4,134	5,479	3,143	16,312	3,469	4,072	5,916	3,704	17,161

See footnote below.

TABLE 9. Disposition of Gross Saving, by Quarters, 1969 and 1970
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Total gross fixed capital formation(1)	3,688	4,328	4,652	4,574	17,242	3,860	4,403	4,854	4,844	17,961
2. Residential construction	793	948	1,079	1,035	3,855	755	795	947	1,061	3,558
3. Non-residential construction	1,506	1,748	2,186	2,039	7,479	1,625	1,904	2,394	2,237	8,160
4. Machinery and equipment	1,389	1,632	1,387	1,500	5,908	1,480	1,704	1,513	1,546	6,243
5. Value of physical change in inventories	- 117	- 20	1,605	- 425	1,043	- 191	159	935	- 781	122
6. Residual error of estimate	430	426	289	- 114	1,031	438	224	165	- 375	452
7. Total	4,001	4,734	6,546	4,035	19,316	4,107	4,786	5,954	3,688	18,535

(1) For a breakdown between government and business, see Table 2.

TABLE 10. Gross National Expenditure in Constant(1961) Dollars, by Quarters, 1967 and 1968(1)
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	7,981	8,535	8,259	9,534	34,309	8,371	8,825	8,696	9,961	35,853
2. Durable goods	1,077	1,401	1,189	1,256	4,923	1,157	1,404	1,277	1,399	5,237
3. Semi-durable goods	712	884	877	1,219	3,692	745	902	897	1,265	3,809
4. Non-durable goods	3,157	3,224	3,291	3,937	13,609	3,324	3,316	3,369	4,063	14,072
5. Services	3,035	3,026	2,902	3,122	12,085	3,145	3,203	3,153	3,234	12,735
6. Government current expenditure on goods and services	2,089	2,016	2,018	2,102	8,225	2,175	2,032	2,126	2,206	8,539
7. Gross fixed capital formation	2,965	3,449	3,537	3,240	13,191	2,914	3,315	3,522	3,426	13,177
8. Government	482	571	748	635	2,436	495	569	745	649	2,458
9. Residential construction	2	2	2	3	9	2	2	3	3	10
10. Non-residential construction	396	497	651	548	2,092	400	493	648	557	2,098
11. Machinery and equipment	84	72	95	84	335	93	74	94	89	350
12. Business	2,483	2,878	2,789	2,605	10,755	2,419	2,746	2,777	2,777	10,719
13. Residential construction	432	510	655	621	2,218	490	601	693	734	2,518
14. Non-residential construction	843	933	1,090	968	3,834	810	914	1,080	978	3,782
15. Machinery and equipment	1,208	1,435	1,044	1,016	4,703	1,119	1,231	1,004	1,065	4,419
16. Value of physical change in inventories	-151	-97	1,017	-457	312	-163	-86	1,173	-313	611
17. Government	-22	15	31	-2	22	-20	12	33	-2	23
Business										
18. Non-farm	247	65	64	-69	307	207	79	119	76	481
19. Farm and grain in commercial channels	-376	-177	922	-386	-17	-350	-177	1,021	-387	107
20. Exports of goods and services	2,803	3,390	3,417	3,331	12,941	3,128	3,741	3,798	3,840	14,507
21. (of which: merchandise)	(2,332)	(2,710)	(2,442)	(2,756)	(10,240)	(2,672)	(3,142)	(2,952)	(3,289)	(12,055)
22. Deduct: Imports of goods and services	-3,110	-3,679	-3,353	-3,510	-13,652	-3,388	-3,811	-3,646	-4,086	-14,941
23. (of which: merchandise)	(2,285)	(2,742)	(2,399)	(2,516)	(9,942)	(2,508)	(2,857)	(2,625)	(3,110)	(11,100)
24. Residual error of estimate	201	86	47	-143	191	204	194	111	- 6	503
25. GROSS NATIONAL EXPENDITURE IN CONSTANT(1961) DOLLARS	12,778	13,700	14,942	14,097	55,517	13,241	14,210	15,780	15,028	58,259

(1) The implicit price deflators of the seasonally unadjusted components of Gross National Expenditure, derived by dividing the value figures in Table 2 by the constant dollar figures in Table 10, are not suitable as indicators of quarter-to-quarter price change. This is because they are currently weighted and therefore are affected by compositional shifts which occur within the unadjusted components of Gross National Expenditure on a quarter-to-quarter basis. Quarter-to-quarter movement in the implicit price deflators based on seasonally adjusted data are less subject to the problem of shifting weights and may be used as a measure of price change.

TABLE 10. Gross National Expenditure in Constant(1961) Dollars, by Quarters, 1969 and 1970(1)
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	8,888	9,380	9,130	10,449	37,847	9,032	9,569	9,408	10,601	38,610
2. Durable goods	1,284	1,477	1,333	1,470	5,564	1,131	1,383	1,262	1,335	5,111
3. Semi-durable goods	805	984	919	1,328	4,036	811	985	921	1,354	4,071
4. Non-durable goods	3,511	3,546	3,563	4,276	14,896	3,732	3,752	3,818	4,487	15,789
5. Services	3,288	3,373	3,315	3,375	13,351	3,358	3,449	3,407	3,425	13,639
6. Government current expenditure on goods and services	2,259	2,097	2,202	2,258	8,816	2,452	2,321	2,368	2,520	9,661
7. Gross fixed capital formation	3,001	3,479	3,687	3,601	13,768	3,025	3,435	3,756	3,709	13,925
8. Government	468	570	739	640	2,417	474	581	768	677	2,500
9. Residential construction	2	2	3	2	9	4	4	4	3	15
10. Non-residential construction	395	500	647	566	2,108	408	515	680	600	2,203
11. Machinery and equipment	71	68	89	72	300	62	62	84	74	282
12. Business	2,533	2,909	2,948	2,961	11,351	2,551	2,854	2,988	3,032	11,425
13. Residential construction	588	687	790	761	2,826	545	565	668	740	2,518
14. Non-residential construction	807	883	1,056	992	3,738	822	925	1,129	1,071	3,947
15. Machinery and equipment	1,138	1,339	1,102	1,208	4,787	1,184	1,364	1,191	1,221	4,960
16. Value of physical change in inventories	-53	-108	1,428	-357	910	-224	26	919	-679	42
17. Government	-22	10	27	-12	3	-26	7	27	-23	-15
Business										
18. Non-farm	355	20	18	63	456	223	121	127	-211	260
19. Farm and grain in commercial channels	-386	-138	1,383	-408	451	-421	-102	765	-445	-203
20. Exports of goods and services	3,552	3,986	3,973	4,161	15,672	3,908	4,561	4,403	4,354	17,226
21. (of which: merchandise)	(3,052)	(3,324)	(3,101)	(3,546)	(13,023)	(3,350)	(3,844)	(3,437)	(3,693)	(14,324)
22. Deduct: Imports of goods and services	-3,843	-4,379	-4,029	-4,357	-16,608	-3,926	-4,455	-4,140	-4,078	-16,599
23. (of which: merchandise)	(2,891)	(3,300)	(2,902)	(3,280)	(12,373)	(2,861)	(3,349)	(2,920)	(2,987)	(12,117)
24. Residual error of estimate	341	333	223	-88	809	332	169	123	-279	345
25. GROSS NATIONAL EXPENDITURE IN CONSTANT(1961) DOLLARS	14,145	14,788	16,614	15,667	61,214	14,599	15,626	16,837	16,148	63,210

(1) The implicit price deflators of the seasonally unadjusted components of Gross National Expenditure, derived by dividing the value figures in Table 2 by the constant dollar figures in Table 10, are not suitable as indicators of quarter-to-quarter price change. This is because they are currently weighted and therefore are affected by compositional shifts which occur within the unadjusted components of Gross National Expenditure on a quarter-to-quarter basis. Quarter-to-quarter movements in the implicit price deflators based on seasonally adjusted data are less subject to the problem of shifting weights and may be used as a measure of price change.

TABLES ADJUSTED FOR SEASONAL VARIATION AND AT ANNUAL RATES

TABLE 11. National Income and Gross National Product, by Quarters, 1967 and 1968
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	34,208	34,996	35,756	36,140	35,275	36,912	37,976	38,876	40,208	38,493
2. Military pay and allowances	820	848	884	804	839	828	808	864	940	860
3. Corporation profits before taxes(1)*	6,664	6,640	6,844	6,948	6,774	6,960	7,316	7,568	7,924	7,442
4. Deduct: Dividends paid to non-residents(2)	- 736	- 824	- 920	- 936	- 854	-816	-892	-860	-740	-827
5. Interest, and miscellaneous investment income(3)	2,308	2,304	2,332	2,396	2,335	2,356	2,492	2,704	2,732	2,571
6. Accrued net income of farm operators from farm production(4)	1,452	1,540	1,212	1,020	1,306	1,536	1,256	1,516	1,576	1,471
7. Net income of non-farm unincorporated business including rent(5)	3,708	3,864	4,048	4,084	3,926	4,104	4,208	4,244	4,316	4,218
8. Inventory valuation adjustment(6)	- 448	- 152	- 324	- 368	- 323	-352	-196	-272	-448	-317
9. NET NATIONAL INCOME AT FACTOR COST ...	47,976	49,216	49,832	50,088	49,278	51,528	52,968	54,640	56,508	53,911
10. Indirect taxes less subsidies	8,796	8,784	8,744	8,820	8,786	9,516	9,512	9,700	9,980	9,677
11. Capital consumption allowances and miscellaneous valuation adjustments	7,752	7,900	7,848	8,008	7,877	8,168	8,416	8,488	8,572	8,411
12. Residual error of estimate	- 292	- 144	- 200	- 240	- 219	-312	-664	-548	-920	-611
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	64,232	65,756	66,224	66,676	65,722	68,900	70,232	72,280	74,140	71,388
14. (Gross national product at market prices excluding accrued net income of farm operators)	(62,780)	(64,216)	(65,012)	(65,656)	(64,416)	(67,364)	(68,976)	(70,764)	(72,564)	(69,917)

See footnote(s) below.

TABLE 11. National Income and Gross National Product, by Quarters, 1969 and 1970
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	41,672	42,612	43,724	44,804	43,203	46,156	46,444	47,212	48,360	47,043
2. Military pay and allowances	840	920	884	948	898	896	908	884	936	906
3. Corporation profits before taxes(1)*	8,160	8,084	7,576	7,588	7,852	7,740	7,412	7,596	6,708	7,364
4. Deduct: Dividends paid to non-residents(2)	-808	-832	-772	-860	-818	-1,076	-868	-896	-784	-906
5. Interest, and miscellaneous investment income(3)	3,076	3,132	3,252	3,288	3,187	3,416	3,560	3,836	3,644	3,614
6. Accrued net income of farm operators from farm production(4)	1,540	1,552	1,964	1,724	1,695	1,380	1,536	1,116	1,444	1,369
7. Net income of non-farm unincorporated business including rent(5)	4,292	4,388	4,480	4,480	4,410	4,488	4,484	4,564	4,668	4,551
8. Inventory valuation adjustment(6)	-536	-616	-460	-584	-549	-380	-188	-84	-32	-171
9. NET NATIONAL INCOME AT FACTOR COST ...	58,236	59,240	60,648	61,388	59,878	62,620	63,288	64,228	64,944	63,770
10. Indirect taxes less subsidies	10,456	10,524	10,692	10,916	10,647	11,152	11,096	11,420	11,336	11,251
11. Capital consumption allowances and miscellaneous valuation adjustments	8,796	8,872	9,200	9,396	9,066	9,732	9,924	10,080	9,856	9,898
12. Residual error of estimate	-1,044	-1,184	-1,200	-696	-1,031	-820	-484	-740	240	-451
13. GROSS NATIONAL PRODUCT AT MARKET PRICES	76,444	77,452	79,340	81,004	78,560	82,684	83,824	84,988	86,376	84,468
14. (Gross national product at market prices excluding accrued net income of farm operators)	(74,904)	(75,900)	(77,376)	(79,280)	(76,865)	(81,304)	(82,288)	(83,872)	(84,932)	(83,099)

(1) See footnote 1, Table 1. *See Technical Note re Corporation and Labour Unions Returns Act, page 4.

(2) See footnote 2, Table 1.

(3) See footnote 3, Table 1.

(4) Includes an arbitrary smoothing of crop production, and standard seasonal adjustments for withdrawals of grain from farm stocks and for the change in farm-held livestock and other inventories. Because of the arbitrary element, too precise an interpretation should not be given the seasonally adjusted figures of accrued net income of farm operators.

(5) See footnote 5, Table 1.

(6) See footnote 4, Table 2.

TABLE 12. Gross National Expenditure, by Quarters, 1967 and 1968
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	37,596	38,524	39,580	40,292	38,998	41,104	41,596	42,812	43,928	42,360
2. Government current expenditure on goods and services(1)	10,452	11,048	11,036	11,200	10,934	11,660	11,744	12,328	12,900	12,158
3. Gross fixed capital formation	16,004	15,956	15,624	15,152	15,684	15,744	15,548	15,744	16,200	15,809
4. Government(2)	2,952	2,980	2,980	2,964	2,969	2,988	3,012	2,988	2,992	2,995
5. Residential construction	12	12	12	16	13	8	12	16	16	13
6. Non-residential construction	2,584	2,612	2,600	2,600	2,599	2,592	2,608	2,600	2,608	2,602
79 Machinery and equipment	356	356	368	348	357	388	392	372	368	380
8. Business(3)	13,052	12,976	12,644	12,188	12,715	12,756	12,536	12,756	13,208	12,814
9. Residential construction	2,584	2,712	2,964	2,976	2,809	3,024	3,200	3,208	3,584	3,254
10. Non-residential construction	4,628	4,544	4,504	4,456	4,533	4,532	4,536	4,536	4,564	4,542
11. Machinery and equipment	5,840	5,720	5,176	4,756	5,373	5,200	4,800	5,012	5,060	5,018
12. Value of physical change in inventories	440	640	668	- 116	408	656	508	1,016	784	741
13. Government	12	32	36	36	29	20	20	40	36	29
Business										
14. Non-farm(4)	540	540	612	- 224	367	408	364	816	304	473
15. Farm and grain in commercial channels(5)	- 112	68	20	72	12	228	124	160	444	239
16. Exports of goods and services	14,436	14,912	14,516	14,988	14,713	16,032	16,572	16,808	17,464	16,719
17. Deduct: Imports of goods and services	-14,984	-15,472	-15,400	-15,084	- 15,235	-16,608	-16,400	-16,972	-18,060	- 17,010
18. Residual error of estimate	288	148	200	244	220	312	664	544	924	611
19. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	64,232	65,756	66,224	66,676	65,722	68,900	70,232	72,280	74,140	71,388
Detail of Farm Inventories and GICC:										
Value of grain crop production	1,208	1,208	1,208	1,212	1,209	1,480	1,484	1,484	1,484	1,483
Depletions of farm stocks of grain	- 1,308	- 1,440	- 1,452	- 1,232	- 1,358	- 1,428	- 1,172	- 988	- 1,296	- 1,221
Change in other farm-held inventories	- 36	140	- 84	- 20	-	28	- 56	- 64	- 24	- 29
Grain in commercial channels	24	160	348	112	161	148	- 132	- 272	280	6

(1) Includes defence expenditures. Data for the years 1967-1968 are shown in line 44, Table 16.

(2) See footnote 2, Table 2.

(3) See footnote 3, Table 2.

(4) See footnote 4, Table 2.

(5) In the seasonally adjusted series, the value of grain crop production in each quarter is taken as one-fourth of the estimated value of crop production for the year as a whole (see footnote 4, Table 11). All other items in the farm inventories series are seasonally adjusted by standard techniques.

TABLE 13. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1967 and 1968
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. GROSS NATIONAL PRODUCT AT MARKET PRICES	64,232	65,756	66,224	66,676	65,722	68,900	70,232	72,280	74,140	71,388
2. Deduct: Residual error of estimate	292	144	200	240	219	312	664	548	920	611
3. Indirect taxes less subsidies	- 8,796	- 8,784	- 8,744	- 8,820	- 8,786	- 9,516	- 9,512	- 9,700	- 9,980	- 9,677
4. Income received from non-residents	- 492	- 400	- 488	- 476	- 464	- 516	- 572	- 640	- 632	- 590
5. Add: Income paid to non-residents	1,580	1,700	1,808	1,844	1,733	1,796	1,864	1,900	1,804	1,841
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	56,816	58,416	59,000	59,464	58,424	60,976	62,676	64,388	66,252	63,573

TABLE 12. Gross National Expenditure, by Quarters, 1969 and 1970
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	45,256	46,032	46,648	48,188	46,531	48,008	48,580	49,312	50,080	48,995
2. Government current expenditure on goods and services(1)	12,996	13,368	14,068	14,288	13,680	15,024	15,708	15,968	16,508	15,802
3. Gross fixed capital formation	16,804	17,092	17,368	17,704	17,242	17,592	17,404	18,168	18,680	17,961
4. Government(2)	3,012	3,012	3,068	3,116	3,052	3,172	3,204	3,276	3,356	3,252
5. Residential construction	8	12	16	12	12	20	24	24	16	21
6. Non-residential construction	2,680	2,652	2,708	2,784	2,706	2,844	2,864	2,916	3,004	2,907
7. Machinery and equipment	324	348	344	320	334	308	316	336	336	324
8. Business(3)	13,792	14,080	14,300	14,588	14,190	14,420	14,200	14,892	15,324	14,709
9. Residential construction	3,780	3,948	3,888	3,756	3,843	3,620	3,280	3,408	3,840	3,537
10. Non-residential construction	4,688	4,664	4,776	4,964	4,773	5,092	5,120	5,304	5,496	5,253
11. Machinery and equipment	5,324	5,468	5,636	5,868	5,574	5,708	5,800	6,180	5,988	5,919
12. Value of physical change in inventories	1,180	848	1,348	796	1,043	432	692	216	- 852	122
13. Government	12	16	12	- 16	6	- 8	4	12	- 60	- 13
Business										
14. Non-farm(4)	1,064	196	420	456	534	608	536	760	- 652	313
15. Farm and grain in commercial channels(5)	104	636	916	356	503	- 168	152	- 556	- 140	- 178
16. Exports of goods and services	18,312	18,048	18,104	19,408	18,468	21,132	21,096	20,780	20,868	20,969
17. Deduct: Imports of goods and services	-19,144	-19,120	-19,396	-20,080	-19,435	-20,320	-20,140	-20,200	-18,672	- 19,833
18. Residual error of estimate	1,040	1,184	1,200	700	1,031	816	484	744	- 236	452
19. GROSS NATIONAL EXPENDITURE AT MARKET PRICES	76,444	77,452	79,340	81,004	78,560	82,684	83,824	84,988	86,376	84,468
Detail of Farm Inventories and GICC:										
Value of grain crop production	1,444	1,444	1,444	1,444	1,444	972	972	972	976	973
Depletions of farm stocks of grain	-1,288	- 1,064	-1,484	- 980	- 1,204	- 1,432	- 1,120	-1,096	- 840	- 1,122
Change in other farm-held inventories	- 212	88	392	32	75	232	424	- 204	236	172
Grain in commercial channels	160	168	564	- 140	188	60	- 124	- 228	- 512	- 201

(1) Includes defence expenditures. Data for 1969 and 1970 are shown in line 44, Table 16.

(2) See footnote 2, Table 2.

(3) See footnote 3, Table 2.

(4) See footnote 4, Table 2.

(5) In the seasonally adjusted series, the value of grain crop production in each quarter is taken as one-fourth of the estimated value of crop production for the year as a whole (see footnote 4, Table 11). All other items in the farm inventories series are seasonally adjusted by standard techniques.

TABLE 13. Relation between Gross National Product at Market Prices and Gross Domestic Product at Factor Cost, by Quarters, 1969 and 1970
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. GROSS NATIONAL PRODUCT AT MARKET PRICES	76,444	77,452	79,340	81,004	78,560	82,684	83,824	84,988	86,376	84,468
2. Deduct: Residual error of estimate	1,044	1,184	1,200	696	1,031	820	484	740	- 240	451
3. Indirect taxes less subsidies	-10,456	-10,524	-10,692	-10,916	- 10,647	-11,152	-11,096	-11,420	-11,336	- 11,251
4. Income received from non-residents	- 768	- 852	- 860	- 908	- 847	- 1,004	- 1,036	- 1,176	- 1,080	- 1,074
5. Add: Income paid to non-residents ..	1,936	2,040	2,068	2,100	2,036	2,456	2,224	2,360	2,240	2,320
6. GROSS DOMESTIC PRODUCT AT FACTOR COST	68,200	69,300	71,056	71,976	70,133	73,804	74,400	75,492	75,960	74,914

TABLE 14. Sources of Personal Income, by Quarters, 1967 and 1968
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	34,208	34,996	35,756	36,140	35,275	36,912	37,976	38,876	40,208	38,493
2. Military pay and allowances	820	848	884	804	839	828	808	864	940	860
3. Net income received by farm operators from farm production(1)	1,508	1,532	1,400	1,076	1,379	1,764	1,508	1,768	1,720	1,690
4. Net income of non-farm unincorporated business including rent	3,708	3,864	4,048	4,084	3,926	4,104	4,208	4,244	4,316	4,218
5. Interest, dividends, and miscellaneous investment income(2)	3,832	3,908	4,028	4,156	3,981	4,232	4,344	4,456	4,480	4,378
<u>Current transfers</u>										
6. From government	4,396	4,636	4,612	4,936	4,645	4,900	5,292	5,520	5,696	5,352
7. Transfer payments to persons	4,388	4,632	4,608	4,932	4,640	4,892	5,288	5,512	5,692	5,346
8. Capital assistance	8	4	4	4	5	8	4	8	4	6
9. From corporations(3)	120	120	116	124	120	128	128	124	128	127
10. From non-residents	40	44	44	44	43	92	96	96	96	95
11. PERSONAL INCOME	48,632	49,948	50,888	51,364	50,208	52,960	54,360	55,948	57,584	55,213

See footnote(s) below.

TABLE 14. Sources of Personal Income, by Quarters, 1969 and 1970
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Wages, salaries, and supplementary labour income	41,672	42,612	43,724	44,804	43,203	46,156	46,444	47,212	48,360	47,043
2. Military pay and allowances	840	920	884	948	898	896	908	884	936	906
3. Net income received by farm operators from farm production(1)	1,412	1,524	1,976	1,664	1,644	1,200	1,356	916	1,176	1,162
4. Net income of non-farm unincorporated business including rent	4,292	4,388	4,480	4,480	4,410	4,488	4,484	4,564	4,668	4,551
5. Interest, dividends, and miscellaneous investment income(2)	4,712	4,908	5,060	5,164	4,961	5,248	5,416	5,464	5,472	5,400
<u>Current transfers</u>										
6. From government	5,632	6,056	6,224	6,344	6,064	6,472	6,588	7,068	7,100	6,807
7. Transfer payments to persons	5,628	6,052	6,216	6,344	6,060	6,472	6,584	7,064	7,096	6,804
8. Capital assistance	4	4	8	-	4	-	4	4	4	3
9. From corporations(3)	124	128	128	128	127	128	136	136	136	134
10. From non-residents	88	92	92	92	91	100	96	100	92	97
11. PERSONAL INCOME	58,772	60,628	62,568	63,624	61,398	64,688	65,428	66,344	67,940	66,100

(1) See footnote 1, Table 4.

(2) See footnote 2, Table 4.

(3) See footnote 3, Table 4.

TABLE 15. Disposition of Personal Income, by Quarters, 1967 and 1968
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	37,596	38,524	39,580	40,292	38,998	41,104	41,596	42,812	43,928	42,360
2. Durable goods	4,732	5,224	5,116	5,160	5,058	5,232	5,412	5,628	5,764	5,509
3. Semi-durable goods	4,072	4,328	4,416	4,376	4,298	4,452	4,504	4,612	4,700	4,567
4. Non-durable goods	14,704	14,988	15,512	15,876	15,270	16,080	16,108	16,532	17,052	16,443
5. Services(1)	14,088	13,984	14,536	14,880	14,372	15,340	15,572	16,040	16,412	15,841
<u>Current transfers</u>										
To government										
6. Income taxes	4,880	4,524	4,996	5,216	4,904	5,760	5,516	5,952	6,460	5,922
7. Succession duties and estate taxes	216	204	212	228	215	236	224	248	232	235
8. Employer and employee contributions to social insurance and government pension funds	1,840	1,876	1,952	1,900	1,892	2,068	1,980	2,052	2,260	2,090
9. Other	388	408	416	408	405	460	520	560	616	539
10. To corporations(2)	344	356	364	376	360	380	392	400	420	398
11. To non-residents	108	196	132	116	138	104	108	112	120	111
12. Personal saving	3,260	3,860	3,236	2,828	3,296	2,848	4,024	3,812	3,548	3,558
13. PERSONAL INCOME	48,632	49,948	50,888	51,364	50,208	52,960	54,360	55,948	57,584	55,213
14. (Personal disposable income) (13-6-7-8-9)	(41,308)	(42,936)	(43,312)	(43,612)	(42,792)	(44,436)	(46,120)	(47,136)	(48,016)	(46,427)

See footnote(s) below.

TABLE 15. Disposition of Personal Income, by Quarters, 1969 and 1970
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	45,256	46,032	46,648	48,188	46,531	48,008	48,580	49,312	50,080	48,995
2. Durable goods	5,864	5,796	5,896	6,124	5,920	5,372	5,612	5,664	5,728	5,594
3. Semi-durable goods	4,940	5,060	4,888	5,080	4,992	5,116	5,148	4,980	5,232	5,119
4. Non-durable goods	17,384	17,648	17,936	18,756	17,931	19,156	19,136	19,560	19,788	19,410
5. Services(1)	17,068	17,528	17,928	18,228	17,688	18,364	18,684	19,108	19,332	18,872
<u>Current transfers</u>										
To government										
6. Income taxes	6,544	7,476	7,744	8,112	7,469	8,028	8,908	8,904	9,276	8,779
7. Succession duties and estate taxes	236	232	240	240	237	240	256	296	236	257
8. Employer and employee contributions to social insurance and government pension funds	2,340	2,356	2,376	2,292	2,341	2,408	2,416	2,404	2,452	2,420
9. Other	768	688	728	992	794	1,004	1,032	1,084	1,076	1,049
10. To corporations(2)	440	456	472	472	460	476	480	488	492	484
11. To non-residents	132	124	136	136	132	132	144	136	152	141
12. Personal saving	3,056	3,264	4,224	3,192	3,434	4,392	3,612	3,720	4,176	3,975
13. PERSONAL INCOME	58,772	60,628	62,568	63,624	61,398	64,688	65,428	66,344	67,940	66,100
14. (Personal disposable income) (13-6-7-8-9)	(48,884)	(49,876)	(51,480)	(51,988)	(50,557)	(53,008)	(52,816)	(53,656)	(54,900)	(53,595)

(1) See footnote 1, Table 5.

(2) See footnote 2, Table 5.

TABLE 16. Government Revenue, Expenditure and Surplus or Deficit, by Level of Government, by Quarters
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
<u>REVENUE</u>										
1. Direct taxes - Persons	6,936	6,604	7,160	7,344	7,011	8,064	7,720	8,252	8,952	8,247
2. Federal(1)	4,184	4,132	4,368	4,480	4,291	4,976	4,792	5,068	5,592	5,107
3. Provincial	1,916	1,644	1,928	1,996	1,871	2,156	2,024	2,272	2,408	2,215
4. Local	-	-	-	-	-	-	-	-	-	-
5. Canada Pension Plan	620	616	624	636	624	688	664	692	700	686
6. Quebec Pension Plan	216	212	240	232	225	244	240	220	252	239
7. Direct taxes - Corporate and govern- ment business enterprises	2,316	2,364	2,464	2,444	2,397	2,616	2,680	2,860	3,080	2,809
8. Federal(2)	1,720	1,760	1,844	1,820	1,786	1,964	2,008	2,144	2,304	2,105
9. (Federal tax collections)(2)	(1,780)	(1,824)	(1,840)	(1,848)	(1,823)	(1,772)	(1,512)	(2,368)	(1,912)	(1,891)
10. Provincial(3)	596	604	620	624	611	652	672	716	776	704
11. (Provincial tax collections)	(572)	(604)	(616)	(656)	(612)	(688)	(620)	(720)	(704)	(683)
12. Direct taxes-Non-residents-Federal(4)	192	236	212	232	218	224	208	216	188	209
13. Indirect taxes	9,348	9,444	9,432	9,544	9,442	10,100	10,132	10,384	10,664	10,320
14. Federal	3,776	3,748	3,664	3,632	3,705	3,676	3,628	3,796	3,944	3,761
15. Provincial	2,824	2,948	3,008	3,148	2,982	3,324	3,404	3,476	3,600	3,451
16. Local(5)	2,748	2,748	2,760	2,764	2,755	3,100	3,100	3,112	3,120	3,108
17. Other current transfers from persons	388	408	416	408	405	460	520	560	616	539
18. Federal	-	4	4	4	3	4	4	4	4	4
19. Provincial	336	344	344	340	341	396	448	488	544	469
20. Local	52	56	64	60	58	60	64	64	64	63
21. Hospitals	-	4	4	4	3	-	4	4	4	3
22. Investment income	1,328	1,428	1,440	1,536	1,433	1,516	1,520	1,700	1,572	1,577
23. Federal	660	748	812	776	749	764	780	880	696	780
24. Provincial	572	580	516	636	576	596	580	660	708	636
25. Local	64	68	68	72	68	72	76	76	84	77
26. Hospitals	4	4	4	-	3	4	4	4	4	4
27. Canada Pension Plan	28	28	40	52	37	80	80	80	80	80
28. Current transfers from other levels of government	5,180	5,580	5,916	5,888	5,641	6,336	6,680	6,696	6,836	6,637
29. Provinces - From Canada	1,624	2,008	2,036	1,932	1,900	2,324	2,324	2,368	2,424	2,360
30. - From local governments	44	36	36	36	38	36	48	44	52	45
31. Local governments - From Canada	136	56	108	68	92	52	132	84	100	92
32. - From provinces	1,952	2,020	2,240	2,296	2,127	2,264	2,456	2,420	2,476	2,404
33. Hospitals - From provinces	1,408	1,444	1,476	1,536	1,466	1,640	1,700	1,760	1,760	1,715
34. - From local governments	16	16	20	20	18	20	20	20	24	21
35. Total revenue	25,688	26,064	27,040	27,396	26,547	29,316	29,460	30,668	31,908	30,338
36. Federal	10,532	10,628	10,904	10,944	10,752	11,608	11,420	12,108	12,728	11,966
37. Provincial	7,912	8,164	8,488	8,712	8,319	9,484	9,500	10,024	10,512	9,880
38. Local	4,952	4,948	5,240	5,260	5,100	5,548	5,828	5,756	5,844	5,744
39. Hospitals	1,428	1,468	1,504	1,560	1,490	1,664	1,728	1,788	1,792	1,743
40. Canada Pension Plan	648	644	664	688	661	768	744	772	780	766
41. Quebec Pension Plan	216	212	240	232	225	244	240	220	252	239
<u>CURRENT EXPENDITURE</u>										
42. Current expenditure on goods and services(6)	10,452	11,048	11,036	11,200	10,934	11,660	11,744	12,328	12,900	12,158
43. Federal	3,420	3,636	3,668	3,572	3,574	3,676	3,664	3,760	4,068	3,792
44. (Defence)	(1,704)	(1,860)	(1,924)	(1,732)	(1,805)	(1,760)	(1,836)	(1,756)	(1,896)	(1,812)
45. Provincial	2,232	2,348	2,192	2,228	2,250	2,412	2,384	2,664	2,780	2,560
46. Local	3,456	3,660	3,708	3,872	3,674	4,024	4,128	4,316	4,440	4,227
47. Hospitals	1,344	1,404	1,468	1,528	1,436	1,548	1,568	1,588	1,612	1,579
48. Transfer payments to persons	4,388	4,632	4,608	4,932	4,640	4,892	5,288	5,512	5,692	5,346
49. Federal	2,780	3,008	2,968	2,972	2,932	3,072	3,376	3,312	3,348	3,277
50. Provincial	1,520	1,532	1,548	1,864	1,616	1,720	1,804	2,068	2,220	1,953
51. Local	88	92	92	96	92	96	96	116	96	101
52. Canada Pension Plan	-	-	-	-	-	4	8	12	20	11
53. Quebec Pension Plan	-	-	-	-	-	-	4	4	8	4
54. Subsidies	552	660	688	724	656	584	620	684	684	643
55. Federal	432	548	544	572	524	476	492	528	576	518
56. Provincial	120	112	144	152	132	108	128	156	108	125

See footnote(s) at end of table.

TABLE 16. Government Revenue, Expenditure and Surplus or Deficit, by Level of Government, by Quarters
Seasonally Adjusted at Annual Rates - Continued
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
57. Capital Assistance	80	56	60	100	74	84	40	148	72	86
58. Federal	64	56	56	96	68	80	28	128	52	72
59. Provincial	16	-	4	4	6	4	12	20	20	14
60. Current transfers to Non-residents- Federal	268	324	92	180	216	140	152	200	188	170
61. Interest on the public debt	1,852	1,940	1,968	2,136	1,974	2,188	2,244	2,364	2,276	2,268
62. Federal(7)	1,192	1,208	1,256	1,324	1,245	1,308	1,420	1,488	1,420	1,409
63. Provincial	328	336	360	404	357	428	440	456	464	447
64. Local	332	396	352	408	372	452	384	420	392	412
65. Current transfers to other levels of government	5,180	5,580	5,916	5,888	5,641	6,336	6,680	6,696	6,836	6,637
66. Canada - To provinces	1,624	2,008	2,036	1,932	1,900	2,324	2,324	2,368	2,424	2,360
67. - To local governments	136	56	108	68	92	52	132	84	100	92
68. Provinces - To local governments ...	1,952	2,020	2,240	2,296	2,127	2,264	2,456	2,420	2,476	2,404
69. - To hospitals	1,408	1,444	1,476	1,536	1,466	1,640	1,700	1,760	1,760	1,715
70. Local governments - To provinces ...	44	36	36	36	38	36	48	44	52	45
71. - To hospitals ...	16	16	20	20	18	20	20	20	24	21
72. Total current expenditure(8)	22,772	24,240	24,368	25,160	24,135	25,884	26,768	27,932	28,648	27,308
73. Federal	9,916	10,844	10,728	10,716	10,551	11,128	11,588	11,868	12,176	11,690
74. Provincial	7,576	7,792	7,964	8,484	7,954	8,576	8,924	9,544	9,828	9,218
75. Local	3,936	4,200	4,208	4,432	4,194	4,628	4,676	4,916	5,004	4,806
76. Hospitals	1,344	1,404	1,468	1,528	1,436	1,548	1,568	1,588	1,612	1,579
77. Canada Pension Plan	-	-	-	-	-	4	8	12	20	11
78. Quebec Pension Plan	-	-	-	-	-	-	4	4	8	4
79. Saving (Total revenue less total current expenditure)	2,916	1,824	2,672	2,236	2,412	3,432	2,692	2,736	3,260	3,030
80. Federal	616	-216	176	228	201	480	- 168	240	552	276
81. Provincial	336	372	524	228	365	908	576	480	684	662
82. Local	1,016	748	1,032	828	906	920	1,152	840	840	938
83. Hospitals	84	64	36	32	54	116	160	200	180	164
84. Canada Pension Plan	648	644	664	688	661	764	736	760	760	755
85. Quebec Pension Plan	216	212	240	232	225	244	236	216	244	235
<u>SURPLUS OR DEFICIT ON A NATIONAL ACCOUNTS BASIS</u>										
Saving as above:										
86. Add: Capital consumption allowances ..	896	912	928	948	921	956	976	1,000	1,020	988
87. Federal	176	176	180	184	179	184	188	192	200	191
88. Provincial	292	296	300	308	299	312	316	320	328	319
89. Local	352	360	368	376	364	380	388	400	404	393
90. Hospitals	76	80	80	80	79	80	84	88	88	85
91. Deduct: Gross capital formation	2,964	3,012	3,016	3,000	2,998	3,008	3,032	3,028	3,028	3,024
92. Federal	448	476	468	468	465	512	480	500	508	500
93. Provincial	1,112	1,076	1,004	992	1,046	1,012	924	948	948	958
94. Local	1,204	1,260	1,348	1,344	1,289	1,272	1,412	1,360	1,352	1,349
95. Hospitals	200	200	196	196	198	212	216	220	220	217
96. Equals: Surplus(+) or deficit(-)	848	-276	584	184	335	1,380	636	708	1,252	994
97. Federal	344	-516	-112	-56	-85	152	- 460	- 68	244	-33
98. Provincial	-484	-408	-180	-456	-382	208	-32	-148	64	23
99. Local	164	-152	52	-140	-19	28	128	-120	-108	-18
100. Hospitals	-40	-56	-80	-84	-65	-16	28	68	48	32
101. Canada Pension Plan	648	644	664	688	661	764	736	760	760	755
102. Quebec Pension Plan	216	212	240	232	225	244	236	216	244	235

See footnotes(s) at end of table.

TABLE 16. Government Revenue, Expenditure and Surplus or Deficit, by Level of Government, by Quarters
Seasonally Adjusted at Annual Rates - Continued
(millions of dollars)

	1969					1970				
	1	11	111	1V	Year	1	11	111	1V	Year
<u>REVENUE</u>										
1. Direct taxes - Persons	9,120	10,064	10,360	10,644	10,047	10,676	11,580	11,604	11,964	11,456
2. Federal(1)	5,820	6,516	6,708	6,960	6,501	6,964	7,356	7,560	7,712	7,398
3. Provincial	2,288	2,512	2,624	2,732	2,539	2,692	3,132	2,988	3,200	3,003
4. Local	-	-	-	-	-	-	-	-	-	-
5. Canada Pension Plan	736	760	760	696	738	760	804	724	804	773
6. Quebec Pension Plan	276	276	268	256	269	260	288	332	248	282
7. Direct taxes - Corporate and govern- ment business enterprises	3,184	3,096	2,968	3,032	3,070	2,952	2,908	2,920	2,636	2,854
8. Federal(2)	2,384	2,312	2,212	2,268	2,294	2,208	2,196	2,192	1,972	2,142
9. (Federal tax collections)(2)	(2,788)	(2,988)	(2,744)	(2,556)	(2,769)	(3,028)	(2,648)	(2,276)	(2,236)	(2,547)
10. Provincial(3)	800	784	756	764	776	744	712	728	664	712
11. (Provincial tax collections)	(944)	(888)	(912)	(864)	(902)	(980)	(840)	(876)	(744)	(860)
12. Direct taxes-Non-residents-Federal(4)	212	248	260	208	232	304	244	244	276	267
13. Indirect taxes	11,108	11,212	11,380	11,588	11,322	11,848	11,952	12,132	11,968	11,975
14. Federal	3,984	3,944	4,048	4,120	4,024	3,972	3,960	4,172	4,028	4,033
15. Provincial	3,704	3,844	3,900	4,036	3,871	4,092	4,204	4,164	4,140	4,150
16. Local(5)	3,420	3,424	3,432	3,432	3,427	3,784	3,788	3,796	3,800	3,792
17. Other current transfers from persons	768	688	728	992	794	1,004	1,032	1,084	1,076	1,049
18. Federal	4	4	4	4	4	4	4	4	-	3
19. Provincial	696	612	652	912	718	932	952	1,000	996	970
20. Local	68	68	68	72	69	68	72	76	76	73
21. Hospitals	-	4	4	4	3	-	4	4	4	3
22. Investment income	1,992	2,016	2,032	2,140	2,045	2,320	2,356	2,604	2,536	2,454
23. Federal	1,064	972	1,028	1,080	1,036	1,132	1,172	1,300	1,240	1,211
24. Provincial	748	816	800	788	788	932	892	1,028	952	951
25. Local	88	84	88	92	88	100	88	96	92	94
26. Hospitals	4	4	4	8	5	4	4	4	8	5
27. Canada Pension Plan	88	140	112	172	128	152	200	176	244	193
28. Current transfers from other levels of government	7,148	8,008	6,932	7,360	7,362	8,660	8,816	8,884	9,280	8,910
29. Provinces - From Canada	2,588	2,660	2,656	2,616	2,630	3,064	3,104	3,656	3,436	3,315
30. - From local governments	44	48	36	48	44	44	28	48	60	45
31. Local governments - From Canada	88	92	112	100	98	48	100	80	100	82
32. - From provinces	2,532	3,244	2,120	2,528	2,606	3,208	3,348	2,764	3,336	3,164
33. Hospitals - From provinces	1,876	1,940	1,984	2,044	1,961	2,272	2,212	2,312	2,324	2,280
34. - From local governments	20	24	24	24	23	24	24	24	24	24
35. Total revenue	33,532	35,332	34,660	35,964	34,872	37,764	38,888	39,472	39,736	38,965
36. Federal	13,468	13,996	14,260	14,640	14,091	14,584	14,932	15,472	15,228	15,054
37. Provincial	10,868	11,276	11,424	11,896	11,366	12,500	13,024	13,612	13,448	13,146
38. Local	6,196	6,912	5,820	6,224	6,288	7,208	7,396	6,812	7,404	7,205
39. Hospitals	1,900	1,972	2,016	2,080	1,992	2,300	2,244	2,344	2,360	2,312
40. Canada Pension Plan	824	900	872	868	866	912	1,004	900	1,048	966
41. Quebec Pension Plan	276	276	268	256	269	260	288	332	248	282
<u>CURRENT EXPENDITURE</u>										
42. Current expenditure on goods and services(6)	12,996	13,368	14,068	14,288	13,680	15,024	15,708	15,968	16,508	15,802
43. Federal	4,224	4,136	4,404	4,408	4,293	4,612	4,840	4,152	4,440	4,511
44. (Defence)	(1,820)	(1,740)	(1,840)	(1,824)	(1,806)	(1,964)	(1,880)	(1,820)	(1,808)	(1,868)
45. Provincial	2,448	2,668	2,760	3,068	2,736	3,276	3,412	4,092	4,208	3,747
46. Local	4,652	4,832	5,116	4,964	4,891	5,244	5,520	5,744	5,836	5,586
47. Hospitals	1,672	1,732	1,788	1,848	1,760	1,892	1,936	1,980	2,024	1,958
48. Transfer payments to persons	5,628	6,052	6,216	6,344	6,060	6,472	6,584	7,064	7,096	6,804
49. Federal	3,480	3,596	3,700	3,632	3,602	3,800	3,992	4,172	4,248	4,053
50. Provincial	2,012	2,304	2,352	2,540	2,302	2,488	2,376	2,672	2,596	2,533
51. Local	104	104	104	108	105	104	116	112	124	114
52. Canada Pension Plan	24	36	44	48	38	60	76	80	96	78
53. Quebec Pension Plan	8	12	16	16	13	20	24	28	32	26
54. Subsidies	652	688	688	672	675	696	856	712	632	724
55. Federal	544	576	564	556	560	588	716	560	508	593
56. Provincial	108	112	124	116	115	108	140	152	124	131

See footnote(s) at end of table.

TABLE 16. Government Revenue, Expenditure and Surplus or Deficit, by Level of Government, by Quarters
Seasonally Adjusted at Annual Rates - Concluded
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
57. Capital Assistance	92	92	112	132	107	148	136	108	104	124
58. Federal	76	84	88	104	88	116	128	84	72	100
59. Provincial	16	8	24	28	19	32	8	24	32	24
60. Current transfers to Non-residents- Federal	156	188	188	204	184	224	168	316	268	244
61. Interest on the public debt	2,476	2,580	2,648	2,780	2,621	2,940	2,976	3,080	3,124	3,030
62. Federal(7)	1,460	1,592	1,588	1,716	1,589	1,824	1,864	1,812	1,944	1,861
63. Provincial	564	572	620	592	587	620	620	784	692	679
64. Local	452	416	440	472	445	496	492	484	488	490
65. Current transfers to other levels of government	7,148	8,008	6,932	7,360	7,362	8,660	8,816	8,884	9,280	8,910
66. Canada - To provinces	2,588	2,660	2,656	2,616	2,630	3,064	3,104	3,656	3,436	3,315
67. - To local governments	88	92	112	100	98	48	100	80	100	82
68. Provinces - To local governments ...	2,532	3,244	2,120	2,528	2,606	3,208	3,348	2,764	3,336	3,164
69. - To hospitals	1,876	1,940	1,984	2,044	1,961	2,272	2,212	2,312	2,324	2,280
70. Local governments - To provinces ...	44	48	36	48	44	44	28	48	60	45
71. - To hospitals ...	20	24	24	24	23	24	24	24	24	24
72. Total current expenditure(8)	29,148	30,976	30,852	31,780	30,689	34,164	35,244	36,132	37,012	35,638
73. Federal	12,616	12,924	13,300	13,336	13,044	14,276	14,912	14,832	15,016	14,759
74. Provincial	9,556	10,848	9,984	10,916	10,326	12,004	12,116	12,800	13,312	12,558
75. Local	5,272	5,424	5,720	5,616	5,508	5,912	6,180	6,412	6,532	6,259
76. Hospitals	1,672	1,732	1,788	1,848	1,760	1,892	1,936	1,980	2,024	1,958
77. Canada Pension Plan	24	36	44	48	38	60	76	80	96	78
78. Quebec Pension Plan	8	12	16	16	13	20	24	28	32	26
79. Saving (total revenue less total current expenditure)	4,384	4,356	3,808	4,184	4,183	3,600	3,644	3,340	2,724	3,327
80. Federal	852	1,072	960	1,304	1,047	308	20	640	212	295
81. Provincial	1,312	428	1,440	980	1,040	496	908	812	136	588
82. Local	924	1,488	100	608	780	1,296	1,216	400	872	946
83. Hospitals	228	240	228	232	232	408	308	364	336	354
84. Canada Pension Plan	800	864	828	820	828	852	928	820	952	888
85. Quebec Pension Plan	268	264	252	240	256	240	264	304	216	256
<u>SURPLUS OR DEFICIT ON A NATIONAL ACCOUNTS BASIS</u>										
Saving as above:										
86. Add: Capital consumption allowances ...	1,044	1,072	1,096	1,120	1,083	1,148	1,176	1,204	1,232	1,190
87. Federal	200	208	212	216	209	220	228	232	240	230
88. Provincial	332	340	344	344	340	352	360	364	368	361
89. Local	424	432	444	460	440	476	484	500	516	494
90. Hospitals	88	92	96	100	94	100	104	108	108	105
91. Deduct: Gross capital formation	3,024	3,028	3,080	3,100	3,058	3,164	3,208	3,288	3,296	3,239
92. Federal	480	464	496	492	483	508	532	596	512	537
93. Provincial	1,068	960	1,008	1,064	1,025	1,068	1,056	1,068	1,056	1,062
94. Local	1,260	1,392	1,372	1,324	1,337	1,364	1,400	1,408	1,508	1,420
95. Hospitals	216	212	204	220	213	224	220	216	220	220
96. Equals: Surplus(+) or deficit(-)	2,404	2,400	1,824	2,204	2,208	1,584	1,612	1,256	660	1,278
97. Federal	572	816	676	1,028	773	20	284	276	- 60	- 12
98. Provincial	576	- 192	776	260	355	- 220	212	108	- 552	- 113
99. Local	88	528	- 828	- 256	- 117	408	300	- 508	- 120	20
100. Hospitals	100	120	120	112	113	284	192	256	224	239
101. Canada Pension Plan	800	864	828	820	828	852	928	820	952	888
102. Quebec Pension Plan	268	264	252	240	256	240	264	304	216	256

(1) See footnote 1, Table 6.

(2) See footnote 2, Table 6.

(3) See footnote 3, Table 6.

(4) See footnote 4, Table 6.

(5) The quarterly figures of real property taxes unadjusted and seasonally adjusted are obtained by dividing annual totals by four since real property taxes accrue uniformly throughout the taxation year. Because in recent years, changes in real property tax rates have been generally upward, this treatment gives rise to a fictitious seasonal between the fourth and first quarters in the seasonally adjusted taxes series.

(6) Includes capital consumption allowances as shown in line 86.

(7) See footnote 6, Table 6.

(8) See footnote 6, Table 6.

TABLE 17. Transactions of Residents with Non-residents in the National Income and Expenditure Accounts, by Quarters, 1967-1968
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Exports of goods and services	14,436	14,912	14,516	14,988	14,713	16,032	16,572	16,808	17,464	16,719
2. Merchandise	11,344	11,452	10,700	11,856	11,338	12,960	13,392	13,556	14,240	13,537
3. Non-merchandise	3,092	3,460	3,816	3,132	3,375	3,072	3,180	3,252	3,224	3,182
4. Deduct: Imports of goods and services	-14,984	-15,472	-15,400	-15,084	-15,235	-16,608	-16,400	-16,972	-18,060	-17,010
5. Merchandise	-10,688	-11,028	-10,880	-10,492	-10,772	-11,860	-11,648	-12,032	-13,108	-12,162
6. Non-merchandise	-4,296	-4,444	-4,520	-4,592	-4,463	-4,748	-4,752	-4,940	-4,952	-4,848
7. Add: Net current transfers abroad	-144	-240	32	-20	-93	72	44	-	-24	23
8. Current transfers abroad (-)(1)	-376	-520	-224	-296	-354	-244	-260	-312	-308	-281
9. Current transfers from abroad(+)(2)	232	280	256	276	261	316	304	312	284	304
10. Equals: Saving(3)	-692	-800	-852	-116	-615	-504	216	-164	-620	-268
Reconciliation with the Canadian Balance of International Payments:										
Saving as above	-692	-800	-852	-116	-615	-504	216	-164	-620	-268
Add: Net inheritances and migrants' funds	120	136	108	100	116	84	140	244	176	161
Equals: Surplus(+) or deficit(-) on current account as per "Canadian Balance of International Payments" (4)	-572	-664	-744	-16	-499	-420	356	80	-444	-107

See footnote(s) below.

TABLE 17. Transactions of Residents with Non-residents in the National Income and Expenditure Accounts, by Quarters, 1969 and 1970
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Exports of goods and services	18,312	18,048	18,104	19,408	18,468	21,132	21,096	20,780	20,868	20,969
2. Merchandise	14,872	14,456	14,548	15,620	14,874	17,100	17,048	16,648	16,716	16,878
3. Non-merchandise	3,440	3,592	3,556	3,788	3,594	4,032	4,048	4,132	4,152	4,091
4. Deduct: Imports of goods and services	-19,144	-19,120	-19,396	-20,080	-19,435	-20,320	-20,140	-20,200	-18,672	-19,833
5. Merchandise	-13,932	-13,688	-13,872	-14,456	-13,987	-14,240	-14,332	-14,032	-12,732	-13,834
6. Non-merchandise	-5,212	-5,432	-5,524	-5,624	-5,448	-6,080	-5,808	-6,168	-5,940	-5,999
7. Add: Net current transfers abroad	12	28	28	-40	7	48	28	-108	-52	-21
8. Current transfers to abroad(-)(1) ..	-288	-312	-324	-340	-316	-356	-312	-452	-420	-385
9. Current transfers from abroad(+)(2)	300	340	352	300	323	404	340	344	368	364
10. Equals: Saving(3)	-820	-1,044	-1,264	-712	-960	860	984	472	2,144	1,115
Reconciliation with the Canadian Balance of International Payments:										
Saving as above	-820	-1,044	-1,264	-712	-960	860	984	472	2,144	1,115
Add: Net inheritances and migrants' funds	160	168	148	200	169	196	152	184	124	164
Equals: Surplus(+) or deficit(-) on current account as per "Canadian Balance of International Payments" (4)	-660	-876	-1,116	-512	-791	1,056	1,136	656	2,268	1,279

(1) See footnote 1, Table 7.

(2) See footnote 2, Table 7.

(3) Saving of residents on transactions with non-residents in the national income and expenditure accounts. A negative figure indicates savings made available to the economy by non-residents (see line 8, Table 18).

(4) See footnote(4) Table 7.

TABLE 18. Sources of Gross Saving, by Quarters, 1967 and 1968
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
Saving										
Persons and unincorporated business										
1. Personal saving	3,260	3,860	3,236	2,828	3,296	2,848	4,024	3,812	3,548	3,558
2. Adjustment on grain transaction(1)	-56	8	-188	-56	-73	-228	-252	-252	-144	-219
Corporate and government business enterprises										
3. Undistributed corporation profits	2,580	2,412	2,388	2,468	2,462	2,412	2,640	2,784	2,988	2,706
4. Undistributed profits of government business enterprises	256	184	152	192	196	164	240	252	364	255
5. Capital assistance	72	52	56	96	69	76	36	140	68	80
6. Inventory valuation adjustment ...	-448	-152	-324	-368	-323	-352	-196	-272	-448	-317
7. Government	2,916	1,824	2,672	2,236	2,412	3,432	2,692	2,736	3,260	3,030
8. Non-residents	692	800	852	116	615	504	-216	164	620	268
9. Capital consumption allowances and miscellaneous valuation adjustments	7,752	7,900	7,848	8,008	7,877	8,168	8,416	8,488	8,572	8,411
10. Residual error of estimate	-292	-144	-200	-240	-219	-312	-664	-548	-920	-611
11. Total	16,732	16,744	16,492	15,280	16,312	16,712	16,720	17,304	17,908	17,161

See footnote(s) below.

TABLE 18. Sources of Gross Saving, by Quarters, 1969 and 1970
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
Saving										
Persons and unincorporated business										
1. Personal saving	3,056	3,264	4,224	3,192	3,434	4,392	3,612	3,720	4,176	3,975
2. Adjustment on grain transactions(1)	128	28	-12	60	51	180	180	200	268	207
Corporate and government enterprises										
3. Undistributed corporation profits	3,088	2,992	2,668	2,504	2,813	2,572	2,404	2,604	2,156	2,434
4. Undistributed profits of government business enterprises	244	280	320	300	286	276	340	376	248	310
5. Capital assistance	88	88	104	132	103	148	132	104	100	121
6. Inventory valuation adjustment	-536	-616	-460	-584	-549	-380	-188	-84	-32	-171
7. Government	4,384	4,356	3,808	4,184	4,183	3,600	3,644	3,340	2,724	3,327
8. Non-residents	820	1,044	1,264	712	960	-860	-984	-472	-2,144	-1,115
9. Capital consumption allowances and miscellaneous valuation adjustments	8,796	8,872	9,200	9,396	9,066	9,732	9,924	10,080	9,856	9,898
10. Residual error of estimate	-1,044	-1,184	-1,200	-696	-1,031	-820	-484	-740	240	-451
11. Total	19,024	19,124	19,916	19,200	19,316	18,840	18,580	19,128	17,592	18,535

(1) See footnote 1, Table 8.

TABLE 19. Disposition of Gross Saving, by Quarters, 1967 and 1968
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Total gross fixed capital formation(1)	16,004	15,956	15,624	15,152	15,684	15,744	15,548	15,744	16,200	15,809
2. Residential construction	2,596	2,724	2,976	2,992	2,822	3,032	3,212	3,224	3,600	3,267
3. Non-residential construction	7,212	7,156	7,104	7,056	7,132	7,124	7,144	7,136	7,172	7,144
4. Machinery and equipment	6,196	6,076	5,544	5,104	5,730	5,588	5,192	5,384	5,428	5,398
5. Value of physical change in inventories	440	640	668	- 116	408	656	508	1,016	784	741
6. Residual error of estimate	288	148	200	244	220	312	664	544	924	611
7. Total	16,732	16,744	16,492	15,280	16,312	16,712	16,720	17,304	17,908	17,161

See footnote(s) below.

TABLE 19. Disposition of Gross Saving, by Quarters, 1969 and 1970
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Total gross fixed capital formation(1)	16,804	17,092	17,368	17,704	17,242	17,592	17,404	18,168	18,680	17,961
2. Residential construction	3,788	3,960	3,904	3,768	3,855	3,640	3,304	3,432	3,856	3,558
3. Non-residential construction	7,368	7,316	7,484	7,748	7,479	7,936	7,984	8,220	8,500	8,160
4. Machinery and equipment	5,648	5,816	5,980	6,188	5,908	6,016	6,116	6,516	6,324	6,243
5. Value of physical change in inventories	1,180	848	1,348	796	1,043	432	692	216	-852	122
6. Residual error of estimate	1,040	1,184	1,200	700	1,031	816	484	744	-236	452
7. Total	19,024	19,124	19,916	19,200	19,316	18,840	18,580	19,128	17,592	18,535

(1) See footnote 1, Table 12.

TABLE 20. Gross National Expenditure in Constant (1961) Dollars, by Quarters 1967 and 1968(1, 2)
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	33,564	34,092	34,560	35,020	34,309	35,240	35,368	36,124	36,680	35,853
2. Durable goods	4,652	5,120	4,948	4,972	4,923	4,988	5,156	5,348	5,456	5,237
3. Semi-durable goods	3,560	3,724	3,756	3,728	3,692	3,752	3,764	3,844	3,876	3,809
4. Non-durable goods	13,268	13,448	13,728	13,992	13,609	13,936	13,832	14,108	14,412	14,072
5. Services	12,084	11,800	12,128	12,328	12,085	12,564	12,616	12,824	12,936	12,735
6. Government current expenditure on goods and services	8,092	8,376	8,116	8,316	8,225	8,472	8,404	8,584	8,696	8,539
7. Gross fixed capital formation	13,472	13,480	13,168	12,644	13,191	13,268	12,968	13,088	13,384	13,177
8. Government	2,440	2,444	2,444	2,416	2,436	2,476	2,452	2,448	2,456	2,458
9. Residential construction	8	8	8	12	9	8	8	12	12	10
10. Non-residential construction	2,096	2,100	2,092	2,080	2,092	2,112	2,084	2,092	2,104	2,098
11. Machinery and equipment	336	336	344	324	335	356	360	344	340	350
12. Business	11,032	11,036	10,724	10,228	10,755	10,792	10,516	10,640	10,928	10,719
13. Residential construction	2,080	2,156	2,332	2,304	2,218	2,388	2,492	2,468	2,724	2,518
14. Non-residential construction	3,956	3,860	3,796	3,724	3,834	3,808	3,784	3,768	3,768	3,782
15. Machinery and equipment	4,996	5,020	4,596	4,200	4,703	4,596	4,240	4,404	4,436	4,419
16. Value of physical change in inventories	256	340	584	68	312	356	468	832	788	611
17. Government	8	24	24	32	22	16	12	32	32	23
Business										
18. Non-farm	428	380	516	-96	307	288	436	716	484	481
19. Farm and grain in commercial channels	-180	-64	44	132	-17	52	20	84	272	107
20. Exports of goods and services	12,724	13,140	12,740	13,160	12,941	13,904	14,384	14,576	15,164	14,507
21. (of which: merchandise)	(10,200)	(10,348)	(9,728)	(10,684)	(10,240)	(11,500)	(11,924)	(12,072)	(12,724)	(12,055)
22. Deduct: Imports of goods and services	-13,480	-13,896	-13,796	-13,436	-13,652	-14,644	-14,420	-14,912	-15,748	-14,931
23. (of which: merchandise)	(9,880)	(10,196)	(10,048)	(9,644)	(9,942)	(10,852)	(10,628)	(11,020)	(11,900)	(11,100)
24. Residual error of estimate	252	128	172	212	191	260	552	448	752	503
25. GROSS NATIONAL EXPENDITURE IN CONSTANT (1961) DOLLARS	54,880	55,660	55,544	55,984	55,517	56,856	57,724	58,740	59,716	58,259

(1) See footnote 1, Table 10.

(2) See footnote 2, Table 10.

TABLE 20. Gross National Expenditure in Constant (1961) Dollars, by Quarters, 1969 and 1970(1, 2)
Seasonally Adjusted at Annual Rates
(millions of dollars)

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	37,384	37,552	37,720	38,732	37,847	37,984	38,280	38,776	39,400	38,610
2. Durable goods	5,548	5,444	5,544	5,720	5,564	4,908	5,128	5,176	5,232	5,111
3. Semi-durable goods	4,044	4,096	3,928	4,076	4,036	4,088	4,096	3,952	4,148	4,071
4. Non-durable goods	14,672	14,680	14,816	15,416	14,896	15,552	15,472	15,892	16,240	15,789
5. Services	13,120	13,332	13,432	13,520	13,351	13,436	13,584	13,756	13,780	13,639
6. Government current expenditure on goods and services	8,804	8,656	8,904	8,900	8,816	9,508	9,648	9,628	9,860	9,661
7. Gross fixed capital formation	13,592	13,716	13,796	13,968	13,768	13,736	13,560	14,092	14,312	13,925
8. Government	2,380	2,440	2,420	2,428	2,417	2,444	2,480	2,516	2,560	2,500
9. Residential construction	8	8	12	8	9	16	16	16	12	15
10. Non-residential construction	2,076	2,120	2,100	2,136	2,108	2,156	2,188	2,208	2,260	2,208
11. Machinery and equipment	296	312	308	284	300	272	276	292	288	282
12. Business	11,212	11,276	11,376	11,540	11,351	11,292	11,080	11,576	11,752	11,425
13. Residential construction	2,808	2,880	2,856	2,760	2,826	2,628	2,352	2,416	2,676	2,518
14. Non-residential construction	3,772	3,688	3,712	3,780	3,738	3,856	3,880	3,980	4,072	3,947
15. Machinery and equipment	4,632	4,708	4,808	5,000	4,787	4,808	4,848	5,180	5,004	4,960
16. Value of physical change in inventories	1,028	548	1,284	780	910	132	472	92	- 528	42
17. Government	8	4	8	- 8	3	- 4	- 4	-	- 52	- 15
Business										
18. Non-farm	860	200	312	452	456	372	604	524	- 460	260
19. Farm and grain in commercial channels	160	344	964	336	451	- 236	- 128	- 432	- 16	- 203
20. Exports of goods and services	15,704	15,296	15,340	16,348	15,672	17,428	17,324	17,044	17,108	17,226
21. (of which: merchandise)	(13,116)	(12,624)	(12,740)	(13,612)	(13,023)	(14,540)	(14,448)	(14,120)	(14,188)	(14,324)
22. Deduct: Imports of goods and services	-16,656	-16,444	-16,440	-16,892	-16,608	-16,976	-16,744	-16,932	-15,744	-16,599
23. (of which: merchandise)	(12,540)	(12,220)	(12,156)	(12,576)	(12,373)	(12,384)	(12,420)	(12,316)	(11,348)	(12,117)
24. Residual error of estimate	828	932	932	544	809	628	368	564	- 180	345
25. GROSS NATIONAL EXPENDITURE IN CONSTANT (1961) DOLLARS	60,684	60,256	61,536	62,380	61,214	62,440	62,908	63,264	64,228	63,210

(1) See footnote 1, Table 10.

(2) See footnote 2, Table 10.

TABLE 21. Implicit Price Indexes, Gross National Expenditure, by Quarters, 1967 and 1968
Using Seasonally Adjusted Data
1961 = 100.0

	1967					1968				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	112.0	113.0	114.5	115.1	113.7	116.6	117.6	118.5	119.8	118.1
2. Durable goods	101.7	102.0	103.4	103.8	102.7	104.9	105.0	105.2	105.6	105.2
3. Semi-durable goods	114.4	116.2	117.6	117.4	116.4	118.7	119.7	120.0	121.3	119.9
4. Non-durable goods	110.8	111.5	113.0	113.5	112.2	115.4	116.5	117.2	118.3	116.8
5. Services	116.6	118.5	119.9	120.7	118.9	122.1	123.4	125.1	126.9	124.4
6. Government current expenditure on goods and services	129.2	131.9	136.0	134.7	132.9	137.6	139.7	143.6	148.3	142.4
7. Gross fixed capital formation	118.8	118.4	118.7	119.8	118.9	118.7	119.9	120.3	121.0	120.0
8. Government	121.0	121.9	121.9	122.7	121.9	120.7	122.8	122.1	121.8	121.8
9. Non-residential construction	123.3	124.4	124.3	125.0	124.2	122.7	125.1	124.3	124.0	124.0
10. Machinery and equipment	106.0	106.0	107.0	107.4	106.6	109.0	108.9	108.1	108.2	108.6
11. Business	118.3	117.6	117.9	119.2	118.2	118.2	119.2	119.9	120.9	119.5
12. Residential construction	124.2	125.8	127.1	129.2	126.6	126.6	128.4	130.0	131.6	129.2
13. Non-residential construction	117.0	117.7	118.7	119.7	118.2	119.0	119.9	120.4	121.1	120.1
14. Machinery and equipment	116.9	113.9	112.6	113.2	114.2	113.1	113.2	113.8	114.1	113.6
15. Exports of goods and services	113.5	113.5	113.9	113.9	113.7	115.3	115.2	115.3	115.2	115.2
16. (of which: merchandise)	111.2	110.7	110.0	111.0	110.7	112.7	112.3	112.3	111.9	112.3
17. Deduct: Imports of goods and services	111.2	111.3	111.6	112.3	111.6	113.4	113.7	113.8	114.7	113.9
18. (of which: merchandise)	108.2	108.2	108.3	108.8	108.3	109.3	109.6	109.2	110.2	109.6
19. GROSS NATIONAL EXPENDITURE	117.0	118.1	119.2	119.1	118.4	121.2	121.7	123.1	124.2	122.5

TABLE 21. Implicit Price Indexes, Gross National Expenditure, by Quarters, 1969 and 1970
Using Seasonally Adjusted Data
1961 = 100.0

	1969					1970				
	I	II	III	IV	Year	I	II	III	IV	Year
1. Personal expenditure on consumer goods and services	121.1	122.6	123.7	124.4	122.9	126.4	126.9	127.2	127.1	126.9
2. Durable goods	105.7	106.5	106.3	107.1	106.4	109.5	109.4	109.4	109.5	109.5
3. Semi-durable goods	122.2	123.5	124.4	124.6	123.7	125.1	125.7	126.0	126.1	125.7
4. Non-durable goods	118.5	120.2	121.1	121.7	120.4	123.2	123.7	123.1	121.8	122.9
5. Services	130.1	131.5	133.5	134.8	132.5	136.7	137.5	138.9	140.3	138.4
6. Government current expenditure on goods and services	147.6	154.4	158.0	160.5	155.2	158.0	162.8	165.8	167.4	163.6
7. Gross fixed capital formation	123.6	124.6	125.9	126.7	125.2	128.1	128.3	128.9	130.5	129.0
8. Government	126.6	123.4	126.8	128.3	126.3	129.8	129.2	130.2	131.1	130.1
9. Non-residential construction	129.1	125.1	129.0	130.3	128.4	131.9	130.9	132.1	132.9	132.0
10. Machinery and equipment	109.5	111.5	111.7	112.7	111.3	113.2	114.5	115.1	116.7	114.9
11. Business	123.0	124.9	125.7	126.4	125.0	127.7	128.2	128.6	130.4	128.7
12. Residential construction	134.6	137.1	136.1	136.1	136.0	137.7	139.5	141.1	143.5	140.5
13. Non-residential construction	124.3	126.5	128.7	131.3	127.7	132.1	132.0	133.3	135.0	133.1
14. Machinery and equipment	114.9	116.1	117.2	117.4	116.4	118.7	119.6	119.3	119.7	119.3
15. Exports of goods and services	116.6	118.0	118.0	118.7	117.8	121.3	121.8	121.9	122.0	121.7
16. (of which: merchandise)	113.4	114.5	114.2	114.8	114.2	117.6	118.0	117.9	117.8	117.8
17. Deduct: Imports of goods and services	114.9	116.3	118.0	118.9	117.0	119.7	120.3	119.3	118.6	119.5
18. (of which: merchandise)	111.1	112.0	114.1	114.9	113.0	115.0	115.4	113.9	112.2	114.2
19. GROSS NATIONAL EXPENDITURE	126.0	128.5	128.9	129.9	128.3	132.4	133.2	134.3	134.5	133.6

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